# Daily Report

# Latin America

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## Latin America

*FBIS-LAT-94-129* *6 July 1994*

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## Cuba

### Robaina Back From Venezuela, Comments on Integration

*FL0607010094 Havana Radio Progreso Network in Spanish 1000 GMT 2 Jul 94*

[From the "Doing Radio" program]

[Text] Foreign Minister Roberto Robiana has returned to Cuba from his recent trip to Venezuela where he participated in the founding meeting of the Association of Caribbean States. Robaina said this first step has concluded and that the next step is the meeting of the heads of state, at which the association will officially take form.

At the Jose Marti International Airport in Havana, Robaina pointed out that this was an important step in the integration process and that with this, it can clearly be said that the Caribbean is the Caribbean with Cuba, but not without Cuba. Robiana added that the official founding would be 24 July and that in the forthcoming days at the Caricom [Caribbean Common Market] meeting, the decision will be made as to what country will host the association.

Robaina, in an interview with journalist Julio Gomez, stated that the meeting in Caracas was very positive. He made it clear that Cuba is an integral part of the Caribbean.

[Begin recording] [Robaina] This preliminary step has concluded, before the meeting of the heads of state, at which the association will officially take form. This is an irreversible process for Cuba and for the other nations that are participating in the association. A statement has already been signed by all the foreign ministers of the participating countries, including Cuba. The only thing left is to hold the official ceremony, but judging by the participants in the meeting, the association has already come alive. All that is left is official approval by the heads of state, the final approval. No one doubts that this is a serious project attempting to unite the Caribbean, which for a long time has been geographically united, but economically, socially, culturally, technically, and scientifically separate. That phase has been left behind now and we begin a new work cycle with numerous possibilities. From the point of view of integration, it has as much importance as any regional integration effort in the world.

[Gomez] Where will the heads of state meet?

[Robaina] There is one decision pending. I would say that the date proposed is 24 July, but the Caricom heads of state summit begins Sunday (as heard). Caricom was the catalyst for this very important initiative. We have therefore left it up to them to decide which Caribbean island is to host the heads of state meeting to officially inaugurate the new association. The 24th of July is confirmed, and the place will be known as soon as Caricom meets.

[Gomez] An important step toward Cuba's integration with the countries of the Caribbean; Cuba is among the countries that will participate, that are already participating in Caribbean trade.

[Robaina] I believe it is an important, decisive step. It is the materialization, the beginning of a new path that clearly states that no one can be torn away from their natural surroundings. The return of Cuba to the Caribbean—we cannot say return, for Cuba has always been in the Caribbean. I believe that the Caricom member countries have assured everyone in the world, in an earnest manner, that the Caribbean is the Caribbean with Cuba, but not without Cuba.

### Cuban Vice President Soto Comments on Ties, Trade

*AU0607102894 Kiev URYADOVYY KURYER in Ukrainian 2 Jul 94 p 2*

[Interview with Vice President Lionel Soto by correspondent Volodymyr Ilchenko in Kiev; date not given: "The Main Purpose of the Visit Is To Invigorate Relations"]

[Text] **As already reported, an official governmental delegation of the Republic of Cuba headed by Deputy Chairman of the Council of Ministers (Vice President) Lionel Soto visited Kiev. Lionel Soto had meetings with top officials of our state and held negotiations with the Ukrainian Government. Intergovernmental documents on cooperation in the spheres of economy, science, culture, medicine, and transportation were signed. Lionel Soto gave an interview for our newspaper.**

[Ilchenko] Mr. Vice President, certain changes in the legislative power have occurred in Ukraine and some correlation in the economic policy is also expected. How are the new currents being reacted to in Cuba?

[Soto] These are Ukraine's internal affairs. We respect what every nation opts for. We live in a world that is constantly changing and is, from time to time, cured of its diseases and freed from its mistakes by these changes.

[Ilchenko] What is the main purpose of your visit to Ukraine? Did you have a conversation with Fidel Castro before the departure?

[Soto] I always speak with Fidel because I am his deputy in the government. How can I go on such a visit without getting the president's instructions? This is one of the constituent parts of my mission. The main purpose of our visit is to invigorate relations between Cuba and Ukraine. These relations practically ceased to exist following the disintegration of the Soviet Union. We do not have any differences with Ukraine on political issues. The ambassador of the Republic of Cuba works in your country, and we have a Ukrainian Embassy in Havana.

It was opened a few months ago, and we expect an official appointment of an ambassador.

[Ilchenko] Do you think that you managed to fulfill your mission?

[Soto] We were given a very good reception. We had meetings with the president, prime minister, Vice Prime Minister Valeriy Shmarov, and the ministers of foreign affairs, external economic ties, culture, and transport. Three accords were signed on cooperation in the spheres of trade and economic relations, science, culture, health protection, and sea transport. We were given a wonderful reception, and we are very pleased and grateful. It is not surprising that our peoples have had friendly relations over many years.

[Ilchenko] As is known, Cuba received all of its weapons and military technology, including those manufactured in Ukraine, from the USSR. Your country obviously needs spare parts for that technology. Do you think that cooperation in this sphere may be restored?

[Soto] Such cooperation is perfectly possible. Ukraine is also interested in restoring those ties that were established in the times of the USSR. Incidentally, a powerful foundation for repairing tanks has also been created in Cuba, and we can manufacture some of the spare parts for them.... All of these questions, however, must be studied by specialists.

[Ilchenko] Medicine is one of the most promising spheres in Ukraine's cooperation with Cuba. We need Cuban medicines. The development of relations in this sphere, however, was, for some reason, hampered. What was the obstacle?

[Soto] Right. A list of medicines that were to be supplied to your country on the basis of barter exchange was ready, but some difficulties arose with the financial mechanism of the operations. All commercial ties must be financed by banks. Enterprises must obtain credits from them. We provided funds for our enterprises, and you had to finance yours, but, due to economic difficulties, there was a delay in Ukraine....

[Ilchenko] One of the accords envisages the creation of a joint commission for trade and economic cooperation. What will be its tasks and who will head it?

[Soto] I think the commission will be headed by leaders at the level of deputy ministers. It will tackle operational tasks and will deal with all economic problems that will arise in the relations between the two countries. Both sides advanced a number of proposals in various spheres of the economy, and the commission will thoroughly examine the technical possibilities for their implementation.

[Ilchenko] Thank you for the interview.

## Interest in Relations Noted

*FL0307185994 Havana Radio Rebelde Network in Spanish 2300 GMT 30 Jun 94*

[From the "Exclusive" program]

[Text] Lionel Soto, Council of Ministers vice president, said in Moscow on 30 June that he was pleased with his talks with Ukrainian authorities during his recent visit to that former Soviet republic. Soto added that the dialogue took place in a climate of mutual understanding and underscored Kiev's and Havana's interest in resuming traditional economic and commercial ties between the nations. Soto signed maritime transportation and cultural exchange agreements while in Ukraine. An economic and technical commission was also established.

## Atomic Energy Secretary Attends Nuclear Symposium

*FL0607002394 Havana Radio Reloj Network in Spanish 1954 GMT 5 Jul 94*

[Text] In Argentina, Andres Garcia de la Cruz, executive secretary of the Cuban Atomic Energy Commission, participated in the yearly symposium of the Latin American section of the American Nuclear Society.

At the symposium, Garcia said that the nuclear option is still a convenient alternative for Cuban energy development. Garcia also noted that Cuba and Russia are trying to create an economic association and that they await investments from a third partner to complete the Juragua Nuclear Energy Plant and put it into operation. Garcia added that the association would own the nuclear plant during its productive lifetime. Garcia pointed out that over the past year, serious efforts have been made to achieve this association, and that there are advance negotiations going on with prestigious companies from several nations.

## Cuban Presbyterian Minister Interviewed

*PY0407190094 Montevideo BRECHA in Spanish 24 Jun 94 p 30*

["Exclusive" interview with Sergio Arce Martinez, Presbyterian minister, former director of Matanzas Theological Seminary, and deputy to the National Assembly of the People's Government by Sergio Ferrari in Bern, Switzerland; date not given]

[Text] [Ferrari] In May, the Cuban Government announced strict economic measures including price increases, new taxes, a cut in subsidies...In sum, more restrictions on people's consumption. How do you explain this policy? How have the people reacted? Do they understand it?

[Arce] Those measures were part of some decisions previously made by us at the National Assembly of the

People's Government [ANPP]. We defined the principles and left them for the Council of State and Ministers to implement.

Those measures had been previously discussed by the grassroots, at the union level and at work centers. Many proposals were made at this level and were later incorporated into the economic plan.

It is true that groups that are affected by the measures have more problems making these decisions. For instance, students who received some subsidies in the past. I would not say they oppose the measures, although they would not have wanted these decisions to be made.

[Ferrari] But does this relative annoyance not indicate there is a certain divorce between the youth, or some youth groups and the state, which is implementing a rigorous economic program?

[Arce] I admit some groups do not accept the new measures. But I must be honest and say that Cuban youngsters are responsive in the same way everyone else is. They want the country's economic recovery. We are in the midst of a deep economic crisis. We are responsible for the crisis in many aspects. But there are a series of external factors that have aggravated it: a hardening of the U.S. economic blockade, the loss of Socialist countries' markets, etc. Today we have an additional factor: The ubiquitous hand of the North trying to prevent the opening of any new markets for our products.

[Ferrari] In view of this very difficult reality, how important is the Cuban people's capacity to resist? Do you perceive obvious signs of deterioration?

[Arce] There is some degree of deterioration. I do not mean there is a weakening of the desire to continue the process but there are attitudes that make the process more difficult, yes. The situation has deteriorated in certain areas, such as the growth of the black market, which implies disrespect for some important regulations. The people are forced to accept it due to the crisis...

I insist, the willingness to continue with the process and defend the revolution's social victories has not deteriorated. Cuba's problem today is not to sustain a certain political system or government...but the struggle to continue maintaining our sovereignty and independence. To leave the process now would imply not only entering into the United States sphere of influence but also losing our identity as a people and our definition as a nation.

[Ferrari] Is this not a sort of social "schizophrenia," a contradiction between the national conscience and the need for adapting to circumstances to survive?

[Arce] No, because one of the central problems of our economy is the abundance of currency in the hands of the people. This money is the equivalent of more or less 18 months of salaries that cannot be spent. We must straighten out our finances before we can solve the problem of our budget deficit. These measures only seek to alleviate the situation. Our most important problem is one of production. We cannot expect magic solutions until we can increase our production.

[Ferrari] What do Cuban Christians think about the economic crisis, the deterioration of "morality" and values?

[Arce] We cannot speak about a single Christian expression. Many people are linked to the Cuban Ecumenical Council, the Christian Student Movement, and other ecumenical options. All of them have a clear position of moral and spiritual support to the people in this critical moment. We want the people to maintain their essential ethical and moral values, which is a basic part of the revolutionary process.

[Ferrari] What is the position of the Catholic Church's hierarchy?

[Arce] It is difficult to give you an exact answer. I can give you the point of view of a Protestant. I would say that the Catholic Church has taken a somewhat opportunistic position. They understand that our crisis and current world circumstances will naturally provoke an automatic change in Cuba. The Catholic Church is working on a new place in a new situation...

[Ferrari] Like the attitude of the Polish church in the past decade?

[Arce] I have that impression based on some statements made by the Catholic hierarchy. But I want to make it clear that I am talking about the Catholic hierarchy and not the Catholic people.

[Ferrari] Does your recent nomination as ANPP deputy indicate there is a more flexible government and Communist Party attitude toward believers?

[Arce] It is an example of the spirit of the process in recent years. It is understood that the party belongs to the Cuban people and it must be open to all citizens, not only to those with certain ideological conceptions.

A series of Christian groups also firmly participate and support the revolution. They are not dismayed in their efforts to make the people conscious of the need to continue with a process that is closer to Christian values than any other regime.

Summarizing, this approach reflects a spiritual need of Christians as well as a political need of those ruling the country.

[Ferrari] What about the "pure and tough" voices of people who do not support this opening. Do they still exist?

[Arce] I suppose some of those voices exist at the ideological level. But this is not something I have seen at the grassroots or as a deputy. I did not experience that before...least of all now.

[Ferrari] Does the opening imply the church is growing in Cuba?

[Arce] Yes. This is obvious by the growing attendance at mass. Certain people who abandoned the church in the past are now returning. This, I must confess, creates a problem of conscience in my mind. On one hand, there are people who are returning to the church because of the crisis, which is rather odd from my point of view of ethics and faith. "You remember the saints when things go bad," the saying goes.

On the other hand, some people are returning to the churches they left because they had counterrevolutionary attitudes. At that time, those people felt a need to be loyal to their fatherland. They are returning to their churches because they are finding out that some churches have a consistent social attitude. They also feel safer when talking about their faith. These people never abandoned their faith, but they never expressed themselves with concrete Christian behavior either. I am worried by both attitudes...although in the end, that is reality.

[Ferrari] It is difficult to finish this dialogue without a basic question. Where is Cuba going?

[Arce] Toward its insertion into the existing global situation, which includes the new reality that followed the disappearance of the European Socialist states. We must achieve that insertion. Cuba must open to the world. We must implement a series of measures that in the past we did not think were necessary, such as investment of foreign capital or the search for competitiveness in the world market. That is one of our great challenges: to enter a world that is strange to us after 30 years of socialism. It will not be easy to find markets abroad or to increase our capacity to confront the demands of the market's own logic and rules. We must learn that today.

[Ferrari] In sum, to open to the exterior trying to normalize relations with the United States?

[Arce] We have always tried that but it is not simple. I do not think it will occur in the immediate future either.

[Ferrari] All this in the midst of a renovated, updated, and distinct socialism?

[Arce] In the Cuban style, as it has always been, with the important influence of our founding fathers and Jose Marti's contribution. I do not believe in global Socialism, that is, a Socialism that exists everywhere in an equal form. In the same way, I believe that capitalism is the same everywhere and its effects are similar everywhere.

[Ferrari] Do you mean all in Cuban style without rigid "Leninist" schemes?

[Arce] Lenin had his points of view...It is good to rescue, as in all theories, the important items in them.

[Ferrari] But without considering it as a Bible.

[Arce] What happens is that not even the Bible can be considered as a Bible.

## Drug Commission President on Seizures, Strategy

*PA0207194394 Havana Radio Havana Cuba in Spanish 0000 GMT 30 Jun 94*

[Report by Marianela Samper from the "Evening Information Review" newscast]

[Text] On 26 June, International Day To Fight Illegal Drug Trafficking, UN Secretary General Butrus Butrus-Ghali recognized Cuba's efforts and strategy to fight this scourge of humanity. Cuba's National Drug Commission was formed in 1988 and comprises the Justice, Foreign Relations, and Interior Ministries, as well as the Prosecutor General's Office and Customs.

Dr. Zenayda Osorio is the president of the Commission. She explains that due to Cuba's geographic position in the Caribbean, it is on the route used to transport drugs and psychotropic substances from producer countries in the south to consumer countries in the north. That is why Cuban authorities strictly control the country's airspace and territorial waters.

[Begin Osorio recording] Lately there have been a few cases in which foreigners were involved. Drug traffickers attempt to introduce drugs into Cuba, sometimes so our country can serve as a bridge and a springboard to the north, sometimes so they can use Cubans to try to store the drugs here for later transport to Europe.

The fact that drugs remain here for some days in the hands of Cuban citizens who have lent themselves to this offense entails some risks and concerns for us. Our struggle is also directed at this situation. [end recording]

According to reports by the National Drug Commission, there were 79 incidents involving the seizure and destruction of 3,364 kg of cocaine and 1,353 kg of marijuana in 1993. Sixteen foreigners, including Colombian, German, Canadian, and Nicaraguan citizens, were involved in the aforesaid incidents. Cubans residing both here and in the United States were also involved. Cuba's perseverance in this struggle has prompted the United Nations to approve a new aid project.

[Begin Osorio recording] We recently received the news that the United Nations has approved an aid program for Cuba to fight narcotics trafficking. This aid, which includes equipment, supplies, and chemicals, is offered in recognition of our country's efforts. It is worth about $1.019 million. This will obviously be a great contribution to our struggle because you know perfectly well that our country is enduring a very acute and difficult economic situation. Despite the adverse situation, our country is making an extraordinary effort to earmark the modest resources we have at hand for this struggle. [end recording]

Cuba is working together with Latin American and other countries to formulate cooperation plans in this mission. Mexico, Venezuela, Barbados, Guyana, Peru, and Argentina are among the nations that have bilateral agreements with Cuba. A memorandum of understanding was also signed with Colombia.

### Penal Code Must Be Changed To Accommodate New Laws

*FL0507205594 Havana Radio Rebelde Network in Spanish 1155 GMT 5 Jul 94*

[Commentary by Roberto Canelas for the "Doing Radio" program]

[Text] Given the nation's social and economic reality, it is necessary to modify the current penal code to accommodate a group of laws that punish crimes. This is the ultimate reason for modifying society's legal instruments to fight crime. Some theoreticians have preferred to depict laws, especially penal laws, as unalterable instruments that function apart from real society. This vision, if anyone takes it seriously, is theoretically untenable and hypocritical in practice.

The Napoleonic penal code was devised for a bourgeoisie-controlled empire. Evidently, these are not the laws of the Louises. Provisions that sent people to the guillotine on suspicion amid the terror of that time correspond to those circumstances rather than to times of abundance and peace.

Given the circumstances that currently prevail in our country, it is necessary to have more efficient instruments to protect society from crime, especially a type of crime that is on the rise—the one linked to the national economy and patrimony. It is also necessary to expedite penal procedures because to enforce the law and impart justice takes time.

When it was necessary to decriminalize our penal code, which included the description of crimes, or alleged crimes—some of them simple misdemeanors—from the past, it was done. Reality, however, reflects new types of criminals, and these gaps require legislative response. This is what is being done with the introduction of modifications to our penal code.

### Reportage, Commentary on Sugarcane Production

*FL0207183194*

[Editorial Report] The following is a roundup of reportage and commentary on Cuban sugar production.

Sugarcane Mills Meet Goals—"Celestino Aruca, sugarcane union secretary general in Santiago de Cuba Province, has reported that six of the eight sugarcane complexes reached their spring planting goals by 30 June. The complexes include: Chile, Rafael Reyes, and Paquito Rosales, in San Luis Municipality; America Libre, in Contramaestre Municipality; and Salvador Rosales and Los Reinaldo, in Songo-La Maya Municipality. Work toward established goals continues at the following complexes: Dos Rios, in Palma Soriano Municipality; and Julio Antonio Mella, in Mella Municipality. Santiago de Cuba Province's spring planting goal is 480 caballerias. The Sugar Industry Ministry [Minaz] has extended the spring planting deadline for the Dos Rios and Julio Antonio Mella complexes to 15 July due to adverse weather conditions." (Havana Radio Reloj in Spanish 1949 GMT 1 Jul 94)

Ministry Establishes Equipment Maintenance Plan—"The Minaz is maintaining over 8,000 machines in Granma Province, using Revolutionary Armed Forces Ministry methods. The 6,000 that will be maintained over a short period will have to be in optimum condition by the next harvest. Each of the remaining 2,000 will be maintained for over one year for different reasons. A total of 4,000 batteries will be put in working order. Work has already begun in Minaz construction and assembly enterprise workshops. Minaz workers in the different workshops begin by diagnosing problems and restoring proper and fundamental technical levels, as well as formulating maintenance schedules, to achieve the highest quality maintenance. All harvesting equipment should be technically ready for the next harvest. Unlike past methods, this method guarantees that the equipment will be in optimum condition right from the start." (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 1 Jul 94)

Enterprise Workers Awarded—"The Minaz (Ramon Fausto Rojo) enterprise has been awarded national vanguard status for its contribution to the sugar industry over the past two years. This enterprise distributes spare parts, equipment, fertilizer, and chemicals to the sugarcane industry. In 1993, the enterprise had a sales volume of over 100 million pesos, had reduced production costs, and had earnings [utilidades] totalling 600,000 pesos. A ceremony honoring the sugar union's national vanguard workers will take place at the enterprise, in Havana City." (Havana Radio Reloj in Spanish 0200 GMT 1 Jul 94)

Commentary on Sugarcane Planting—Commentator Diosdado Maso comments: "The so-called winter-time sugarcane planting program is underway. The nearly 2,000 caballerias that it covers should be considered along with the nearly 7,000 caballerias that were not planted in the so-called spring planting program. Sugarcane is the raw material principally used to produce sugar. Sugarcane production can drop if new cane is not planted. It then becomes necessary to plow and plant new seed to get the most out of the sugarcane crop. Cuba should plant no less than 30,000 caballerias of sugarcane this year. Cuba's sugar objective includes sowing plowed areas with productive, quality sugarcane. We must remember that Cuba has a tropical climate and that, lately, there has been no clearly defined dry or rainy season. Sugarcane should be planted whenever this unusual weather pattern breaks, which is why we will plant sugarcane every day from now through December.

Planting sugarcane is not an easy task: We do not always have the thousands of men, resources, and quality seed that it takes. Yet, harvesting continues. The men and women of the Basic Cooperative Production Units are committed most to planting and harvesting sugarcane, receiving help from mobilized work contingents. If the sugar we are to produce and are to live on depends on the sugarcane planted, the situation must be approached differently. Specifically, it should be prioritized and sugarcane should be planted whenever possible." (Havana Radio Rebelde in Spanish 1700 GMT 1 Jul 94)

### Spring Sowing Season Ends

*FL0507164894 Havana Radio Rebelde Network in Spanish 0900 GMT 5 Jul 94*

[Report by Roberto Canelas; from the "Doing Radio" program]

[Text] The Sugar Industry Ministry reports that the spring sugarcane sowing season has ended on 11,443 caballerias—or 63 percent of the projected figure—nationwide. Even so, the land sowed with sugarcane between January and June surpasses the overall goal by approximately 2,800 caballerias, which represents 101 percent and 103 percent, respectively. [sentence as heard]

The season was not successfully concluded primarily due to: an extension of the harvest deadline; delays in preparing soil; serious rain damage; and little sowing in May, a decisive sowing month.

[Havana Radio Reloj Network in Spanish at 1400 GMT on 5 July reports: "The Antonio Viteras and Jesus Menendez Sugar Mills were the only ones to fulfill the spring sugarcane sowing goal in Las Tunas, totalling 468 caballerias. The two mills had suffered the consequences of drought but now lead in the sugarcane sector's recovery. Harvest work continues, which proves the effort being exerted by their workers. The Jesus Menendez Mill has sowed 171 caballerias—107 percent of the six-month plan—and has 30 more caballerias ready for seed. The Antonio Viteras Mill has sowed 291 caballerias, the largest area covered by a single mill in this phase. This made it possible for Las Tunas Province to sow 1,116 caballerias, 120 caballerias more than the previous season."]

### Camaguey Finishes 'Far' Below Goal

*FL0607002194 Havana Radio Rebelde Network in Spanish 1700 GMT 2 Jul 94*

[From the "National Radio News"]

[Text] The Spring sugarcane planting program in Camaguey Province has concluded with 1,478 caballerias completed. This is far from the established goal. In the first six months of the year, 2,700 caballerias should have been planted as part of the effort to increase production. Of the 15 sugarcane complexes in the province, only Brazil and Siboney reached their goals. Planting during May and June did not achieve what was expected, due to the damp soil brought about by the frequent rains. This made the collection of seeds and their transport to the fields impossible. All areas slated to be plowed were partially prepared as the result of an outstanding effort by the mechanized workers, but the condition of the soil slowed them down.

The winter campaign is from July to December, but because of the spring campaign's failure, the effort will need to exceed 1,500 caballerias. The Ministry of the Sugar Industry's delegation in Camaguey, however, has not announced the production plan for the winter campaign.

### National Electric System Update Provided

*FL0407002594 Havana Radio Reloj Network in Spanish 1938 GMT 1 Jul 94*

[Text] The electric system's average power output for the period of 23 to 29 June was 1,522 megawatts. The maximum demand was 1,910 megawatts, and the average deficit during peak hours was 375 megawatts. This balance, reflecting the recovery of available electric power, continues.

The average deficit has decreased, but in general, the situation was very similar to the previous period. During the period 23 to 29 June, after completing scheduled maintenance, unit 6 of Mariel and unit 1 of Santa Clara, each 100-megawatt units, were reincorporated into the national electric system.

The national electric system advised that during the period of 30 June to 6 July, unit 5 of Reinte in Santiago de Cuba will be off-line undergoing maintenance.

## Barbados

### No Confidence Vote, Constitutional Issues Reviewed

*FL3006183394 Bridgetown Caribbean Broadcasting Union Television in English 1430 GMT 30 Jun 94*

[From the "Caribscope" program hosted by Francine Alexander]

[Text] For the first time in Caribbean history, a no confidence motion has been passed against a prime minister in parliament. The vote was 14 to 12 against Barbados' Prime Minister Erskine Sandiford. These votes are not enough to call for a legal revocation of the prime minister from office, but it does make it difficult for a leader to simply stay in power.

For the DLP, the Democratic Labor Party here in Barbados, it was a political upset. But for constitutional experts throughout the region, these are exciting times. Stetson Babb has more:

[Begin recording] [Sandiford] The resolution did not get the required number of votes for the revocation.

[Babb] And that, say legal scholars, is at the heart of the issue because section 66-2 of the Barbados Constitution, which deals with the circumstances under which the

office of prime minister could become vacant, makes no specific mention of a no confidence motion, but requires the prime minister to resign or advise the dissolution of parliament if a majority of members of parliament vote in favor of the revocation of his appointment. In other words, in a 28 member parliament, 15 members would have to vote against the prime minister. And that did not take place.

The gist of that, says university law lecturer Dr. Kenny Anthony, is that the prime minister does not have to resign. His opponents have no legal case to have him removed, and he considers that to take the issue back to parliament would be, in his words, ludicrous. But then there is the matter of convention.

[Anthony] The convention that is at issue in Barbados at the moment is a convention of long standing. There has been (?history) to that convention, and that convention simply says that a prime minister who has lost a no confidence motion ought to resign. Equally, there is a derivative of that convention that a government or a prime minister who has lost a vote in parliament on a major public issue, on an issue of serious public consequence, serious consequence for the government, should also step down. And in the latter case there is an example.

In St. Lucia during the debacle of the early 1980's, I think you may recall that Prime Minister Allen Lewis in St. Lucia presented a budget to parliament, and he lost the resolution regarding the budget. As a result he decided to give effect to the habit, the convention, the practice, and —the understanding, if you want to use that term—and he resigned.

[Babb] But these are tricky constitutional waters to navigate says another law lecturer Jeff Cummerbach. As he puts it, a sort of halfway house between the convention, which would seem to require that the prime minister resign, and the constitutional provisions under which he is not obliged to do so. Mr. Cummerbach says when there is conflict between convention and the law, the law must reign supreme.

[Cummerbach] He does not have to resign because he is not compelled to do so by the Constitution. There are those who would argue that convention, however, requires this. The difficulty I have with this is that, if the Constitution specifically provides a method whereby the prime minister's appointment should be revoked, what is the position of a convention which provides a similar thing?

The convention says he must go too. Can you, therefore, sidestep the provisions of the Constitution and revoke or have revoked a prime minister's appointment through a matter of convention? The Constitution is far tougher, as has been seen, for the method of removal that we are looking for here. You require 15 votes for that.

You are going to suggest to me, therefore, that by 14 to 12, which is a simple majority, you can do the same thing? Where then would that leave the constitutional provision?

[Babb] But Dr. Kenny Anthony says apart from the legal imperative, there is the moral compulsion.

[Anthony] The question is, whether you would obey the timeworn practice, the timeworn understanding; whether you would give effect to a basic rule of morality that has guided constitutional practice. Now if the prime minister decides not to obey the convention, not to live the convention, then obviously that situation could provoke a serious constitutional crisis in the sense that people would be confronted with the reality that a convention of long historical practice, of long historical understanding is not given effect in this particular situation. So I think he is in an extremely delicate position, and he would have to think very carefully of what other courses of action he decides to embark on. [end recording]

## Dominican Republic

### Defense Minister Assures Compliance With Embargo

*PA0607013994 Madrid EFE in Spanish 2331 GMT 5 Jul 94*

[Text] Santo Domingo, 5 Jul (EFE)—Defense Minister Lieutenant General Constantino Matos Villanueva today said the Dominican Armed Forces' lack of equipment will not prevent the nation from complying with the international community's embargo against Haiti.

Lt. Gen. Matos added that the surveillance of the Dominican-Haitian border is a difficult task because the border crosses a vast, mountainous region. He said: "The Armed Forces are involved in an extremely difficult and arduous task because the border is very extensive."

Minister Matos told EFE: "We must protect more than 360 km by deploying the staff and equipment we currently have, which are not sufficient for this task. We have spent a large portion of our budget on monitoring the border, and these expenditures were unplanned." He stressed that more than 15,000 Dominican soldiers are guarding the border to stop the trafficking of fuel to Haiti, thereby complying with the UN embargo.

Minister Matos added: "We have had many problems with Haitians attempting to enter Dominican territory to purchase gasoline. Some of them have fought with military personnel, and this had led to fatalities."

Dominican soldiers are awaiting logistical aid the United Nations pledged to send in late May to enforce the embargo. So far, however, they have only received advice from U.S. military technicians. Dominican soldiers have been involved in the violent deaths of more than 10 Haitians and Dominicans who were presumably trying to smuggle fuel across the border.

## Haiti

### Regime 'Deeply Angered' by U.S. Coast Guard Moves

*FL0507172994 Port-au-Prince Signal FM Radio in French 1030 GMT 5 Jul 94*

[Text] Provisional President Emile Jonassaint's government said on 5 July that it is deeply angered by U.S. Coast Guard moves off Haiti. A government communique accused U.S. Coast Guard ships of violating Haitian territorial waters, despite the United States having signed agreements and conventions, to inspect fishing boats and kidnap little fishermen for presentation to the press as stowaways. The Jonassaint government says that these deliberate moves are meant to mislead the international community and to nourish the propaganda of the United States, which is looking for a pretext for armed intervention in Haiti.

The Information, Culture, and Coordination Ministry has issued a communique stating that Haiti's provisional government is very seriously alarmed by a suspicious upsurge in clandestine travel and is aware of the dangers that citizens uprooted from their country by the harshnesses of the criminal embargo face. The communique speaks of the government's affliction, particularly the criminal embargo the international community has inflicted on the Haitian people. The government warns the people not to be manipulated by disinformation professionals, the agitators of all nationalities who encourage and even finance those perilous crossings in high seas.

The government just set up an inquiry commission—including the information, culture, and coordination minister and high-ranking Haitian Armed Forces officers—to collect any and all information on those operations deemed illicit by the government and to allow the judicial authorities to take prompt legal action in conformity with the law governing the matter.

The government should protest vehemently against those dishonest practices detrimental to the national integrity, to the dignity of the Haitians, and to international moral ethics.

### Accuses U.S. of Kidnapping Fishermen

*PA0607024694 Mexico City NOTIMEX in Spanish 0131 GMT 6 Jul 94*

[Excerpts] Port-au-Prince, 5 Jul (NOTIMEX)—The de facto Haitian Government accused the U.S. Coast Guard today of kidnapping fishermen and presenting them as Haitians who have fled the country on rafts, so as to justify a military invasion of the island.

In a communique, the authorities said "the Coast Guard is violating national waters in order to intercept small fishing vessels, and they kidnap the fishermen later to present them to the media as clandestine travelers." "This is done to deceive international opinion and further U.S. Government propaganda, which is looking for an excuse to invade Haiti," the document added. [passage omitted]

Deposed Haitian President Jean-Bertrand Aristide, who is in Nicaragua, has reiterated his rejection of a U.S. military invasion and demanded implementation of the Governors Island Agreement. Aristide traveled to Nicaragua to participate in the Second International Conference on New or Restored Democracies, which will conclude on 7 July.

### U.S. Ships May Evacuate 'Designate' Foreigners

*FL0507154394 Kingston RJR Network in English 1500 GMT 5 Jul 94*

[Text] One hundred and fifty Haitian refugees drowned at sea after their boat capsized off Haiti's west coast yesterday. This is the second incident in less than one week, as only last Friday [1 July] (?30) Haitians drowned at sea when Haitian policemen allegedly fired shots in the air to scare refugees who were fleeing the country.

Meanwhile, the United States is sending a four-ship amphibious group to waters off Haiti to bolster forces enforcing the UN sanctions against the de facto government. The move is to provide the capability to evacuate American citizens and designate foreign individuals if necessary.

### 'U.S. Assault Group' To Aid Evacuation

*FL0507214494 Port-au-Prince Radio Metropole in French 1600 GMT 5 Jul 94*

[Text] A U.S. assault group consisting of four ships and a helicopter carrier will head toward Haiti tomorrow to assist in the possible evacuation of U.S. officials and citizens. The announcement was made this morning by a high-ranking employee in Washington. Some 2,000 marines are aboard those ships, which bring the number of the U.S. fleet off the Haitian coast to 13. It should be recalled that eight other small U.S. ships are also cruising the Haitian coasts reinforcing the embargo.

### Pentagon, U.S. Envoy on Possible Evacuations

*FL0507171194 Port-au-Prince Signal FM Radio in Creole 1145 GMT 5 Jul 94*

[Text] News flash: We just received word from CNN that the Pentagon has announced that an amphibious ship carrying 2,000 men is heading for Haiti to evacuate Americans living in Haiti. The Pentagon just announced this through CNN.

On 4 July, William Gray said the United States is ready to evacuate all Americans living in Haiti should their lives be threatened. Gray said on U.S. television that while they were not ready to intervene militarily, they would land and evacuate all Americans if their lives were threatened.

### Aristide Rejects Foreign Military Intervention

*FL0507220194 Port-au-Prince Radio Metropole in French 1600 GMT 5 Jul 94*

[Text] President-in-exile Jean-Bertrand Aristide rejected the possibility of a foreign military intervention to restore democracy in Haiti. Speaking during a press briefing on 4 July in Managua, Nicaragua, where he is participating in the Second International Conference of New or Restored Democracies, Jean-Bertrand Aristide asserted that an invasion was not a solution: The Constitution rejects it and we reject it as well. The conference will continue until tomorrow, 6 July, and is comprised of representatives from 65 countries.

The priest-president believes there is no solution for Haiti but the restoration of democracy, and for that, all parties must respect the political agreement signed last year which, according to him, permits a peaceful solution.

### Reiterates Opposition to Invasion

*PA0507130594 Managua Radio Nicaragua Network in Spanish 1200 GMT 5 Jul 94*

[From the "This Morning" newscast]

[Text] In a news conference on Monday afternoon, Haitian President Jean-Bertrand Aristide broached important international topics such as the situation of the Haitian refugees and a possible U.S. invasion of Haiti. The Haitian president is one of the special guests at the Second International Conference of New or Restored Democracies being held in Managua. Aristide said the invasion of his country is not the solution to the current Haitian situation.

[Begin Aristide recording, in Spanish] [Words indistinct] when we do not believe it is the solution. That is why we say no to an invasion and yes to the agreement we signed on Governors Island on 3 (?June) 1993. We believe that within the framework of that agreement we can exert pressure to oust the coupists. The arrival of the UN mission [words indistinct] the Haitian people can (?strengthen) the reforms, beginning with the reforms of the armed forces and the judicial system. [end recording]

### Refugee Solution Lies in Restoring Democracy

*PA0507175194 Panama City ACAN in Spanish 1615 GMT 5 Jul 94*

[Text] Managua, 5 Jul (ACAN-EFE)—Deposed Haitian President Jean-Bertrand Aristide said today in Nicaragua that the solution to the problem of Haitian refugees "lies in the restoration of democracy." This was how Aristide replied when ACAN-EFE asked him to comment on Panamanian President Guillermo Endara's decision to temporarily accept in that country—at the request of the United States—approximately 10,000 Haitian refugees. "The solution of the (Haitian) refugee problem lies in the restoration of democracy," Aristide reiterated when asked if he thought President Endara had made a good gesture.

Aristide also said he believes the solution to the Haitian crisis is near and renewed his invitation to Nicaraguan youths to celebrate very soon in Port-au-Prince the return of democracy to that Caribbean nation.

Aristide, deposed by a military coup on 30 September 1991, today ended his visit to Nicaragua and returned to Washington after participating in the Second International Conference on New and Restored Democracies being held in Managua.

Before ending his visit in Nicaragua, which began last Sunday, Aristide participated in a breakfast which was also attended by Foreign Minister Ernesto Leal and Sandinist leader and writer Sergio Ramirez. Also present were Chamber of Commerce President Roberto Teran and other Nicaraguan leaders, as well as foreign personalities participating in the Second Conference on New and Restored Democracies.

### Army Officer Cited on Opposition to Invasion

*PA0507235994 Madrid EFE in Spanish 2242 GMT 5 Jul 94*

[Text] Port-au-Prince, 5 Jul (EFE)—Today, a high-ranking Haitian Army officer said the situation Haiti has experienced since September 1991, when a group of soldiers overthrew constitutional President Jean-Bertrand Aristide, cannot continue much longer. "This will come to an end next week; this phase of Haiti's history is coming to an end," the Haitian officer who requested anonymity told EFE.

The officer was also surprised by the fact that four U.S. ships with 2,000 Marines on board have been sent into Haitian waters because the United States has had more than enough time to evacuate its citizens. The U.S. citizens can leave Haiti whenever they want. The officer also said there is no persecution of U.S. citizens or any other white foreigners who could be mistaken for U.S. citizens. The Haitian officer asked: "Why send the ships?" The officer said Haitian officers are more united than ever, although there are the usual problems stemming from racial differences between mulattos, blacks, and whites.

The officer admitted, however, that even though some officers want General Raoul Cedras to resign because they are aware that the situation cannot continue as is, "we will stick by him if he does not resign."

The anonymous officer said that if Cedras and the military High Command were to withdraw, a power vacuum would be created, and he added that the people, who are mostly illiterate, would not take political advantage of the situation but rather carry out a "dechoukage" (break into houses, buildings, and businesses and destroy everything).

The officer also said that if there is a landing of foreign forces headed by the United States, there will be fighting "because the people would not support it."

Nevertheless, a Western diplomat consulted by EFE and who also requested anonymity, said the only opposition U.S. Marines would face would come from the Tontons Macoutes or members of the rightist Front for Haiti's Advance and Progress (FRAPH). The diplomat agreed with the Haitian official in the sense that should a power vacuum occur, it would be a terrible situation "because in two or three days blood would flow like what happened when (Jean-Claude) Duvalier fled the country." The diplomat said that in a situation such as this, racial and political motives would be united, and this is what many people fear—that the people could take to the streets, tearing up floors and fences with their own hands.

The diplomat said many Haitians are talking about a possible invasion. On Monday, hundreds of citizens took to the streets of Port-au-Prince to celebrate Brazil's triumph over the United States in the World Cup, not for political reasons, but because after the Haitian team, Brazil is their second choice.

The diplomat also said the embargo has not had any effect on the upper class or on the Haitian military. He noted, however, that the price of gasoline and gas oil have dropped.

"It appears to be a time of an economic boom. The embargo is not working. There is no scarcity of anything. The people are not dying of hunger. The military is not on the streets," he said, adding that there have been increased prices in supermarkets, which are used only by people of moderate income.

According to the diplomat, the only thing that does not exist in Haiti are flights to the United States. He also noted that from Haiti there are still flights to the Dominican Republic, Martinique, and France, and from there to other countries.

Some citizens are concerned about the situation and say it cannot continue much longer, claiming they are prepared for an invasion. "There is not one single Haitian who does not think there will be an invasion," the diplomat stated.

He said that, in theory, the people support an invasion because to "bring Aristide, they would favor (military intervention) because it supposedly would return their God, their master, Aristide."

"If the North Americans arrive, there will not be any opposition because the Haitian people are not warriors and have not been fighters throughout their history. There is no call for courage. If it comes to dying, nobody wants to die. If they are coming to bring back their president, nobody will confront the foreigners," the diplomat stated.

He added that if the United States invades, it should not use violence against the citizens, and "because they are not stupid, I imagine they will have Aristide address the people from a radio installed on a ship or from a tape recording, speaking to the people in Creole, saying that those who are disembarking are friends and that they will expel the military to return him to power, to reestablish democracy. I think this could be done rather easily."

According to the diplomat, if this occurs, there will not be any problem. "The people will not rise up against them. They are very cowardly. That is their history. When the military rose up, Aristide asked them to rise up to die for the president. Not a single one did. Not a single Haitian responded," he concluded.

## Death Toll in Boat Capsizing 'As Many as 150'

*FL0507123194 Kingston RJR Network in English 1200 GMT 5 Jul 94*

[Text] As many as 150 Haitian refugees are feared dead after their boat capsized off Haiti's west coast yesterday. This is the second incident in less than a week as [words indistinct] (?30) Haitians drowned at sea when military policemen allegedly fired shots in the air to [words indistinct] who were fleeing the country. The U.S. Coast Guard has intercepted about 10,000 Haitians in the past 11 days, including yesterday's record of more than (?3,600). Panama is the latest of the series of countries to accept significant numbers of refugees.

## Capsizing Caused by Fight Over Money

*FL0507175394 Port-au-Prince Radio Metropole in French 1045 GMT 5 Jul 94*

[Excerpts] Making news this morning is the drama in St. Marc—more specifically, in Montroui—where a boat overloaded with Haitian boat people capsized in the past 24 hours, leaving several dozen people dead. Correspondent Guilloto Francois reports from St. Marc.

[Francois, in Creole] A small Haitian boat which left the St. Marc harbor at 0900 GMT on 4 July wrecked near Riviere Salee, about 78 km off St. Marc. The small boat was carrying dozens of Haitians onto the high sea toward Miami, Florida. It is very difficult to assess the number of Haitians who died in the wreck, but survivors say the toll is very heavy. Locals in a rowboat who tried to retrieve dead bodies late on 4 July told us that they saw many dead bodies floating on the St. Marc sea. [passage omitted]

There have been reports that some of the 350 or so people in the small boat making its way to the United States got into a fight over money and caused the boat to capsize. People of all ages died in this wreck, including small babies. There has yet to be an official assessment of the 4 July wreck.

### Panama Agrees To Accept 10,000 Refugees for Year

*FL0507223694 Port-au-Prince Signal FM Radio in French 1030 GMT 5 Jul 94*

[Excerpts] Panama has agreed to accept 10,000 refugees fleeing the Haitian military regime, according to outgoing Panamanian President Guillermo Endara's on 4 July. The refugees will be installed on a deserted island, San Jose, located in the Las Perjas Archipelago in the Pacific Ocean, stated Endara during a meeting with the media. The Panamanian president explained that he made this decision at the conclusion of a telephone conversation with U.S. President Bill Clinton on the night of 3 to 4 July. Endara added that the refugees will be installed in a camp administered by the High Commission for Refugees, HCR, under the guard of U.S. peacekeeping forces. The refugees will be received in Panama as soon as the government signs an agreement with the HCR, probably on 5 July. They will remain in Panama without contact with the Panamanian population for one year in the hope that the Haitian crisis will be settled by then. [passage omitted]

On 4 July Panamanian President-elect Ernesto Perez said that the 10,000 Haitian refugees approved by outgoing President Endara should be installed on U.S. bases in the Canal Zone. In a statement to the press from Hong Kong where he is on vacation, Perez, who had been briefed by Endara, asked the United States, which originated the project, to guarantee that the Haitian refugees will stay in Panama no longer than one year. Perez added that the United States will be responsible for any injustice Panama or its inhabitants might suffer as a result of the refugees' presence on its territory. [passage omitted]

### Haitian Solidarity Group: Processing Methods 'Racist'

*FL0507182194 Kingston RJR Network in English 1600 GMT 5 Jul 94*

[Text] The Haiti Solidarity Action Group in Jamaica has [words indistinct] the organizations and individuals, criticizing the methods of processing Haitian refugees in Jamaican waters for possible admission to the United States. The group has issued a release condemning the current method of processing the Haitians as racist.

## Jamaica

### Gas Tanker Drivers Strike; Official Previews Talks

*FL0407150094 Kingston RJR Network in English 1200 GMT 4 Jul 94*

[Telephone interview with National Workers Union Supervisor Vincent Morrison by announcer May Reynolds—live]

[Text] [Reynolds] As the strike by petroleum tanker drivers enters its third day, thousands of motorists island-wide have been forced to park their vehicles after scampering from service station to service station in search of petrol. Most service stations island-wide had run out of petrol by 2 July. The latest word is that a meeting is set for 1030 this morning [1530 GMT] at the Ministry of Labor to try to settle the strike. The petroleum tanker drivers went on strike on 1 July to protest against the nonformation of a joint industrial council, which is supposed to set haulage rates on their behalf. It is understood that some haulage contractors have refused to get involved as they say other sections of the industry have shown no interest in setting up special council.

It's major news this morning, and we now have on the telephone Vincent Morrison, island supervisor of the National Workers Union, which represents the petroleum tanker drivers. Welcome.

[Morrison] Thank you.

[Reynolds] Now, this is the third time for the year that petroleum tanker drivers are going on strike in breach of the essential service regulations. What on earth could be so (?queer) to have driven the tanker drivers to industrial action again?

[Morrison] I understand this morning, May, that there is no (?more for) workers there who are being paid the minimum wage. Basically, what the workers are asking is that for the job they are doing, the (?controllers) should be paying them the maximum minimum wage. They are (?aware) of the problems as this relates to the condition of work. And it's really a question that...[pauses] Over the past two or three months, the drivers have demonstrated exemplary discipline; they have gone (?outright), they went back; and the (?computer) system that the haulers contracted won't change the [words indistinct] the drivers to resolve very basic problems.

[Reynolds] We gather that there's going to be a meeting at 1030 this morning to try to settle the strike. Now, what kind of outcome of this meeting would make...

[Morrison, interrupting] We are going to the meeting with an open mind. We have some basic positions that we think can resolve (?what's wrong with this) today. And I (?won't) say that the contractors or the rest of the industrial [words indistinct] the workers arguing whether we can get a [word indistinct] ruling so that we can get the public all the petrol they need to do their business.

[Reynolds] Yes. So, you think that this outcome is likely to be realized?

[Morrison] I can only hope that we'll be going there with an open mind, we'll be going there with some basic proposals that I do not believe [words indistinct].

### Wage Rates Agreement Reached

*FL0507142194 Kingston RJR Network in English 1200 GMT 5 Jul 94*

[Excerpt] Petroleum tanker drivers (?have restarted) work this morning after an agreement was brokered at the Ministry of Labor last night between the drivers and the Labor Ministry. Both parties have agreed on a (?standard area) rate of $550 for each driver. The range

rate for a tanker with a 7,500-gallon capacity is now $850 per trip to the western region; for the central region, the rate is $550; and for [word indistinct], the new rate is $400. [passage omitted]

## New Minimum Wage Rates in Effect 4 Jul

*FL0407120994 Kingston RJR Network in English 1100 GMT 4 Jul 94*

[Excerpt] New minimum wage rates for most categories of workers, including household helpers, which were approved by cabinet on 11 April, become effective today. The minimum weekly wage is now $500 or $12.50 per hour. This is up from $300 a week or $7.50 per hour. For work done in excess of eight hours a day, the rate is now $18.75 per hour. Meanwhile, holiday and rest-day wage rates also moved to $25 an hour. When the new rates were announced in April by Labor and Welfare Minister Portia Simpson, she noted that the implementation date was delayed in order to give the minister of finance time to adjust the income tax threshhold upwards. This (?tried) to prevent minimum-wage earners having to pay income tax. Meanwhile, (?Miss) Simpson points out that this is a minimum wage and employees are encouraged to pay above the rate if they can. [passage omitted]

## Governor General Approves New Director of Elections

*FL0407122294 Kingston RJR Network in English 1100 GMT 4 Jul 94*

[Text] The new director of elections, Major Winston Sutherland, is to take up his new job today. According to a government official, Maj. Sutherland is expected to be briefed on the operations of the country's electoral office this week. He is expected to meet with the members of the electoral advisory committee [EAC] next week for further briefings.

Maj. Sutherland was appointed on 1 July after Governor General Sir Howard Cooke approved his selection by the EAC. The army major's appointment ended a year-long search for a new director. The contract of former director, (Noel Lee), was not renewed, following a campaign by the opposition Jamaica Labor Party [JLP] to remove him from that post. The effort of the JLP stems from their expressed dissatisfaction with the running of last year's general elections. Under the new contract terms, announced this year, the new director of elections will receive $1 million annually as part of a seven-year contract. Previously, the director of elections contract was renewed after 18 months.

## CNDH Reports: Migrants Situation in U.S. Worsens

*PA0607023094 Mexico City LA JORNADA in Spanish 4 Jul 94 p 40*

[Report by Jesus Aranda]

[Text] The National Human Rights Commission (CNDH) has reported that the situation of Mexican migrants in the United States is a matter of concern, and it warned about the increase of xenophobia and discrimination against them. It noted that the U.S. economic recession and the withdrawal of services for illegal aliens could provoke "greater violations" against the human rights of migrants in the United States.

The commission added that according to figures issued by the Secretariat of Foreign Relations, Mexicans are suffering from sexual abuse, physical abuse, and illegal deprivation of individual freedoms, and have been the victims of theft, physical injury, and death at the hands of U.S. authorities. In this regard, the CNDH noted that allegations involving physical injuries comprise 35.90 percent of all complaints received; physical abuse 25.64 percent; abuse of power 17.09 percent; and in terms of deaths, 13.68 percent.

In a document entitled "The Human Rights of Migrants" recently presented at a meeting of the Government Secretariat, the CNDH contended that given the seriousness of the issue, it is currently working on a report entitled "Update on Human Rights Violations of Mexican Migrant Workers in Transiting the Northern Border and Entering the Southern Part of North America," which will cover the 1991-94 period.

The text adds that Mexican migrants are often the victim of racism and xenophobia in the United States, where members of white supremacist movements are compounding problems posed by official government policy opposed to migrant workers. Such policies have been implemented in several areas.

To give an example of the violence against the Mexican migrant workers, the commission reported that from 1988 to 1990, 16 migrants were killed by members of the U.S. Border Patrol and the San Diego Crime Prevention Unit.

The document noted that the creation of the Beta Group on the Mexican side of the border has been able to reduce by 80 percent violence against migrants by private citizens. It also noted that assaults against illegal aliens who cross the Tijuana-San Diego border are much more common in this area than in other border areas, comprising nearly one-third of all cases in which Mexicans have experienced some type of attack from private citizens along the border.

During the above-mentioned timeframe, the document adds that 17 cases of violence and abuse against Mexican migrant workers by U.S. authorities have been reported along the border.

The CNDH stressed that several factors have recently increased problems and prompted human rights violations against migrants: an increase in xenophobia and discrimination in U.S. society, especially within various political sectors; the U.S. economic recession and the ensuing rise in unemployment; and the profound changes in Mexico's economy, "that in some way" have hurt the most vulnerable sectors.

The CNDH highlighted that Operation Blockade, which began along a 32-km portion of the Ciudad Juarez-El Paso border on 20 September 1993, is part of a renewal of anti-immigration policies in the United States. Such policies also include the following: the ban on the issuance of drivers license to undocumented migrants; the legal residence requirement to receive job training; the annulment of laws that barred U.S. police forces from sharing information with the INS; the withdrawal of medical services; and the recent cancellation of humanitarian benefits for victims of the Los Angeles earthquake who are not legal residents.

In addition, the CNDH stated: "Migrants will be well-treated only if they come from economically sound countries, and, if not, their presence will be rejected, and they will be used as scapegoats for domestic problems." In general, the CNDH observed that migrants are linked to the increase in crime or as being responsible for the domestic crisis, and "negative aspects are magnified, usually without cause, while benefits to the local economies are ignored or watered down."

The CNDH added: "The defenselessness of undocumented migrants makes them vulnerable to abuses by public authorities and to human rights violations, such as arbitrary arrest, humiliation, physical abuse, extortion, sexual violation, and, on occasion, even death." Because of their legal situation, the victims do not report the crimes or the criminals, which in most cases they do not know how to identify.

## Land Unproductive Due to Poor U.S. Water Quality

*PA0207152394 Mexico City UNOMASUNO in Spanish 29 Jun 94 p 15*

[Text] San Luis Rio Colorado, Sonora, 28 June—The Mexican Congress Border Affairs Commission will demand that the U.S. Government supply high quality water to the agricultural valleys in San Luis Rio Colorado, Sonora State, and Mexicali, Baja California State, because 3,000 of the area's 26,000 hectares are unproductive due to the high salinity of the water supply.

Luis Moreno Bustamante, federal deputy and commission member, has said that 100 hectares become unproductive every year because of the salinity of the soil due to polluted water. He said the commission will continue to pressure "with all its might" for the U.S. Government to send quality water to these agricultural valleys.

He added that on 30 June, the National Water Commission (CNA) will deliver a report on the condition of those lands to Congress, which will turn the report over to the International Border and Water Commission (CIDA).

Moreno Bustamante said 172 million cubic meters of water reach the municipality every year via the Sanchez Mejorada channel, 4 km west of this city, and that the water salinity exceeds 3,000 parts per million.

### Energy Secretary: Possibility of Supplying Oil to Cuba

*PA0607002494 Mexico City NOTIMEX in Spanish 0458 GMT 2 Jul 94*

[Text] Acapulco, 1 Jul (NOTIMEX)—Today, Energy Secretary Emilio Lozoya Thalmann said the Mexican state petroleum enterprise may supply petroleum to Cuba because its policy is to trade with any country complying with contract specifications. "Mexican Petroleum is open to trade with any country or customer," the official said when interviewed at the Seventh Pan-American Energy Congress, which started on 1 July in the tourist port of Acapulco in southern Mexico. "The only requisite is that the potential buyer comply with price and export specifications established by Mexico's Political Commission on Fuel," the official added.

Lozoya Thalmann pointed out that government agencies in Mexico are studying a project to become involved in operations at Cuba's Cienfuego refinery under a plan "that would materialize should it prove to be profitable."

In Havana, Mexican Ambassador Carlos Tello Macias commented on the possibility of including the island in the San Jose Pact, under which Mexico and Venezuela supply crude to Central American countries under favorable terms. "Cuba could become a member of the pact; I see no reason why this could not happen," Tello Macias told members of the Go for Cuba solidarity group, which is visiting the Caribbean country to deliver a 230-ton oil donation.

### Cuban Freighter Arrives To Pick Up Donations

*PA0207165394 Mexico City NOTIMEX in Spanish 0020 GMT 29 Jun 94*

[Text] Tampico, 28 Jun (NOTIMEX)—Mexican port authorities announced that the Cuban freighter Free Mare will be arriving this Thursday at the Gulf of Mexico port of Tampico to pick up approximately 260 tons of clothing, medicine, and fuel being donated to Cuba by the Go for Cuba organization. Port Captain Carlos Cesar Gurdi Coello disclosed that the freighter is currently anchored in high seas about 15 miles from port. The freighter will remain in Tampico for several days to load the cargo of humanitarian aid donated by the organization for the Cuban population.

A Go for Cuba solidarity organization's delegation will visit Cuba for a week to deliver the 260 tons of humanitarian aid, the biggest Mexican donation sent to the Caribbean nation. The Cuban Institute of Friendship with Peoples (ICAP) explained that the donation includes 14 tons of rice, 86 tons of toys, and school equipment. The Cuban institute also indicated that the fuel had been purchased as result of an $8,000 contribution agreed upon by the deputies of the different parliamentary blocs through a Chamber's agreement.

The Go for Cuba delegation will meet with Foreign Minister Roberto Robaina, Basic Industries Minister Marcos Portal, and Pedro Ross, secretary general of the Cuban Workers Federation (CTC). The delegation will also meet with Abel Prieto, president of the Cuban Union of Writers and Artists (ENEAC), Juan Contino, first secretary Union of Young Communists (UJC), and ICAP President Sergio Corrieri. The Mexican delegation will receive an award from the Anti- Imperialist Tribunal of Our America (TANA), which is headed by former Guatemalan Foreign Minister Guillermo Toriello.

During the weekend, the members of the Go for Cuba delegation will travel to Cienfuegos, 297 km southeast of Havana, where they will officially deliver the donation.

Cuba is currently experiencing a severe fuel shortage as result of the fall of the Soviet Union and the East European socialist bloc, their former suppliers.

The Cuban freighters Free Mare and Pinar del Rio will periodically dock in Mexican ports to transport humanitarian aid donated by the Mexican people to the Caribbean nation.

### Salinas Promises To Improve Public Security

*PA0507144194 Mexico City LA JORNADA in Spanish 1 Jul 94 p 7*

[Report by Emilio Lomas]

[Text] Acapulco, Guerrero State, 30 Jun—President Carlos Salinas de Gortari has announced that in response to the demands of society in this regard, actions will continue to be taken to strengthen security, including improved coordination among government institutions.

At the end of the first phase of a two-day working tour through three states, the president was asked about the problem of poor security, which continues to be a latent concern for the population. The president said that the authorities are stepping up actions to offer greater security and stressed that now there is improved coordination among institutions tasked with responding to this demand of society.

In the afternoon, the president began his working tour in Tlaxcala, where he dedicated the Lindavista enterprise in the Xicotencatl Industrial Park in Tetla Municipality. On this occasion, Governor Jose Antonio Alvarez Lima

said that residents of the state have taken advantage of the chances for modernization offered by the North American Free Trade Agreement (NAFTA).

Alvarez added: They have also taken advantage of the financial flexibility the development banks now enjoy to improve urban infrastructure in the neighboring communities. Alvarez emphasized: "In the next few years, we hope to create at least 4,000 jobs, to quadruple the number of jobs that existed at the end of 1992."

The dedication was likewise attended by James R. Jones, U.S. ambassador to Mexico; Jaime Serra Puche, Mexican commerce and industrial development secretary; and Linda Wachner, president of Warnaco, Inc., who said: "We are not trying to take advantage of anyone; we are trying to to form productive links."

Wachner added: We are also here thanks to what Mexico has to offer, especially a good atmosphere for business and Mexican workers, whom she described as talented and with a lot of drive. Wachner said that her company, which FORTUNE magazine describes as one of the world's leading clothing manufacturers, will open another factory in Puebla that will generate 2,000 additional jobs.

President Salinas reiterated that NAFTA represents new jobs and prosperity for Mexico, Canada, and the United States and said that the aforementioned company is in fact one of the first results of the trade agreement.

Linda Wachner said she was happy to be at the opening of these new installations in Tlaxcala "because they will contribute to the worldwide growth of our company's lines of lingerie." She said the Warnaco Group, Inc., headquartered in New York, is one of the largest manufacturers of lingerie, underwear, and men's accessories that are sold under the brand names of Warner's Brassieres, Olga, Valentino, Intimo, and Fruit of the Loom, as well as underwear by Hathaway, Christian Dior, Chaps, Di, Ralph Laurent, and Catalina.

Warnaco employee Patricia Lumbreras Palomino also spoke at the dedication. She introduced herself as the daughter of a retiree whose housewife mother had given birth to 14 children. The U.S. ambassador could not suppress a broad smile when he heard the almost simultaneous translation of this remark. In his later remarks, President Salinas pointed out that he had already spoken to Lumbreras and she had told him that she was not going to follow in her parents' footsteps and was planning to have only one child.

The president recalled that Mexico has 85 million inhabitants and that this figure is growing at the rate of 2 million per year. He said the country has to provide a job for every Mexican who was born between 16 and 18 years ago, and that the dedication of this plant today is part of this mammoth effort.

Salinas was accompanied by his daughter Cecilia, Puebla Governor Manuel Bartlett Diaz, and Alberto Juarez Blancas, secretary general of the Revolutionary Confederation of Workers and Peasants. Later, the president traveled by helicopter to the airport in Huejotzingo, Puebla, where he boarded the TP-01 presidential plane to fly to the airport in Acapulco, Guerrero. As soon as he arrived, the president dedicated the Puerto Marques bridge. In Acapulco, Governor Ruben Figueroa and Communications and Transport Secretary Emilio Gamboa Patron joined the president's retinue.

Later, the president went to the Acapulco International and Cultural Center, where he handed over 7,000 house titles to a like number of Institute of the National Fund for Workers Housing members. At the ceremony, the president said the titles are a valid legal document, "which means that nothing and no one will be able to take away from you what is now legally yours and is the legacy to your offspring."

The president announced that at that very moment, another 6,975 titles were being simultaneously handed over throughout the country and reiterated that these documents are going to bring peace of mind to the titleholders. He added: "I knew that this was going to be a very emotional event, and that many of you were going to bring your families to share this moment with you. I wanted to share this tremendous family-like atmosphere with you, and consequently I brought my daughter Cecilia along."

Following this ceremony the president was asked about the security problem plaguing the entire country, to which he succintly replied: For the authorities, the important thing is to step up the actions as well as the coordination among the institutions so as to respond to the demands of society in this regard.

## Publication Views Army's Main Mission, Chiapas

*PA0507025494 Mexico City LA JORNADA in Spanish 30 Jun 94 p 33*

[Report by Triunfo Elizalde]

[Text] Sources close to the Armed Forces have said "the Mexican Army, Navy, and Air Force have always demonstrated their respect for the national institutions, their loyalty and love for the country, and their service to the people. Their members, extracted from the very communities in which they serve, have remained apart from partisan activities and, contrary to the situation in other Central and South American nations, have no intention of meddling in state matters, much less taking over power."

The specialized publication ARMAS-REVISTA MILITAR INDEPENDIENTE, issue No. 357 of May to June 1994, in reviewing the armed conflict in Chiapas, states the Armed Forces' scope of action "is clearly defined not only by the Constitution, its laws and regulations, but primarily in the practice of more than 50 years of institutional existence."

Regarding reportage of the armed conflict in southern Chiapas, the magazine states "the media have manipulated the information to the point that it has not given true significance to the facts. For example, he who is afraid to show his face hiding under a torn sock" [in reference to Subcommander Marcos] has been turned into a Robin Hood.

According to the editorial column, "the Army's main mission is to establish and uphold peace; to defend the state in case its institutions are attacked and stability is jeopardized; to guarantee the safety and rights of the 80 million Mexicans who work hard every day for a more free, just, and sovereign Mexico." The publication is directed by Air Force Colonel Ernesto Mazariegos Mosquera and was founded by General Ignacio Mendez Hurtado.

After expressing regret for the attacks against the Mexican Army, the article states such affronts "are not new," but "they have worsened following the events in southeastern Mexico." The military publication editorial states "the fact of the matter is, we do not know who or what group is interested in discrediting the work of the Armed Forces and undermining their prestige in the eyes of the people."

Regarding the armed institution's participation in the 1 January 1994 events in Chiapas, the articles states "it was logical" for the institution to [words indistinct]. Had they not, "what would [words indistinct] an army in any country [words indistinct] would have seen, without doing a thing [word indistinct] and spread terror among the peaceful people? This is especially true when "the main objective of any army is to safeguard peace, whether threatened from abroad or from "within."

## New Peace Commissioner Examines Chiapas Goals

*PA0507131394 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 4 Jul 94*

[Text] Chiapas Peace Commissioner Jorge Madrazo Cuellar is trying to contact the Zapatist army to begin a peace dialogue. Madrazo, the former head of the National Human Rights Commission, spoke yesterday with Samuel Prieto, our correspondent in the conflict zone.

[Begin recording] [Prieto] We would like to hear the personal views of the current situation of the man with a thorough knowledge of the conflict.

[Madrazo Cuellar] I believe that the vast majority of Mexicans want peace. I am one of those people who believes that all human rights are based precisely on the invaluable principle of life, that war destroys and threatens life, and that consequently Mexicans cannot afford the luxury of using violence to resolve our conflicts.

I believe that the Mexican people's advances have led us to the conviction that conflicts should and must be resolved through dialogue and peaceful means. This does not mean that we are willing to settle for just any kind of peace; we want a peace that is based on dignity and justice. With these principles and these values, we have accepted the president of the republic's invitation because it is a true challenge. We are going to work enthusiastically to continue advancing on the road to peace.

[Prieto] Focusing on the peace commissioner's work, how will the first contacts be made with the EZLN [Zapatist National Liberation Army] and then with other parties that in one way or another are part of the conflict, for example the cattlemen, the clergymen from San Cristobal de Las Casas, and others?

[Madrazo Cuellar] We have held long talks with the working group of the bishop of San Cristobal de Las Casas. We are just now returning from a meeting with them. The Bishopric has agreed to contact the EZLN and deliver a message from the new commissioner for peace and reconciliation in Chiapas. In this message we propose joint reflection precisely on the point of your query: what forms and terms are needed to continue advancing a dialogue that will lead us to lasting peace. I will be attentively awaiting the EZLN's response to this invitation for joint reflection.

[Prieto] Yesterday, the commissioner's first statement created quite a stir: the new commissioner is not a party man. We would like to know what the new commisioner discussed with his predecessor. What difference does belonging or not belonging to a party make?

[Madrazo Cuellar] From the time I was a researcher at the National University and devoted myself to the study of constitutional law, I have believed that in order to work academically, in a serious and objective manner, one could not belong to or be a militant for a political party. In addition, an indispensable quality needed in heading up the National Human Rights Commission is exactly that of not belonging to a party and not having a history of working within the parties. In other words, we have worked within the context required by both society and the academic world.

Regarding your question, they are two entirely different profiles. I believe, however, that what is important is for continuity to be maintained even if methods differ. I think Camacho Solis' work was very respectable. Society at large is somewhat disappointed because no agreements were reached, so we are going to take over with a lot of enthusiasm precisely to try and reach that goal which should be the goal of all Mexicans: building and reconstructing peace in Chiapas.

[Prieto] Within this context, is it possible to consider that the fact that the previous commissioner was a PRI [Institutional Revolutionary Party] militant had anything to do with the delay in the negotiations?

[Madrazo Cuellar] No, I do not think so. I think what we are dealing with are different profiles and different styles, but with a common purpose: peace.

[Prieto] What are the new programs that the new commissioner has been tasked with by the Presidency of the republic and the other state institutions?

[Madrazo Cuellar] Well, in addition to seeking contact with the EZLN, we are going to talk with all participants in the Chiapas peace process. We have said that we are completely open to the opinions of organized society. To the groups from Chiapas, in particular, but not limited to them. We want to hear from Mexican society in general to enrich and strengthen our ideas and eventually our proposals.

[Prieto] There is another matter that is cause for concern: the fact that the current administration's term is ending. In this regard, there is concern that many of the agreements that might be reached might not be completely fulfilled. What will the next administration have to do?

[Madrazo Cuellar] I believe, my friend, that peace transcends administrations. It is with this conviction that we are going to seek agreements, and with the hope that the commissioner can be a bridge spanning any agreements reached between the two administrations. [end recording]

### Chiapas Government, Ranchers Set Evictions

*PA0507142894 Mexico City LA JORNADA in Spanish 30 Jun 94 p 20*

[Report by Jose Gil Olmos and Candelaria Rodriguez]

[Text] Tuxtla Gutierrez, Chiapas State, 29 June—Today, the Chiapas State Government reached 14 agreements with the state's Coalition of the Federation of Owners of Rural Properties and Cattlemen's Unions [Coalicion de la Federacion de Propietarios Rurales y Uniones Ganaderas], who have been staging a sit-down strike since last Friday. In the pact, the state agreed that next Friday, it will begin evictions from urban and rural properties that were taken over after 14 April, estimated to number 300 and to encompass over 900,000 hectares.

Although the cattlemen and small landowners said they agreed with the 16-point document, four points of which the state government rejected—they refused to end their sit-down strike outside the government palace or Laura Mayogoitia and Mirna Camacho's hunger strike demanding the return of their occupied ranches. The demonstrators only agreed to lift the roadblock they had erected in the main artery of this city.

Meanwhile, members of the State Council of Indian and Peasant Organizations (CEOIC) are awaiting another meeting with Government Secretary Rodolfo Ulloa Flores to define a new action strategy in view of the imminent wave of evictions that is expected to begin in 48 hours, based on the pact signed between Acting Governor Javier Moreno Lopez and the cattlemen and small landowners.

Acting Governor Lopez Moreno said during a radio interview broadcast this morning that "we would have to lower the volume of the confrontation between cattlemen, who are asking the Army to step in and evict all Indians and peasants who have occupied their property, and CEOIC members, who reply, we are not leaving. We regard as a declaration of war the fact that the state government or cattlemen are saying they will evict us."

In his remarks, Lopez Moreno talked about the need to find a middle road to overcome "the side of the shouting matches and the path of provocation," otherwise the danger of a provocation would continue.

Later, upon leaving the inauguration of a public security forum, Moreno Lopez was asked about the possibility of clashes between cattlemen and peasant squatters. He replied that this is a delicate matter; that is why we are working toward a consensus so that "there will be no serious transgression of the law." "We would not accept, in any way, social resentment that could lead us to an absolutely unjustifiable situation of violence," the governor noted.

Meanwhile, the document signed by the Chiapas Government representatives and cattlemen and small landowners again rejects the presence of National Defense Secretariat personnel to carry out the evictions. It also rejects the request by CEOIC leaders and other peasant groups for an investigation by the Government Secretariat.

During an interview, however, Jorge Constantino Kanter, one of the cattlemen's leaders, reiterated that they will personally deliver a request to the Government Secretariat because, as he said, it is not appropriate for outsiders to come and create an uproar in Chiapas." [no opening quotation mark as published]

According to the document, the state government agrees to requests for eviction from plots occupied after 14 April, based on an agreement signed with the CEOIC that states that the law will be enforced in these cases.

The agreement states: "These actions will begin 48 hours after the signing of the current agreement and should end in 30 days. This term may be extended in agreement with the follow-up commission," which is made up of small landowners and cattle ranchers.

Regarding plots occupied prior to 14 April, the agreement states that offers on plots that have already been made must be resolved according to the prior agreement. Those that have not will be reviewed until 30 July, "with occupants either relocated or even evicted if an agreement is deemed impossible (...) if the groups do not agree to leave voluntarily or if proprietors do not offer their plots, peasants who have a right to relocate will be

notified. If they do not accept within 72 hours, they will be evicted provided legal procedures are completed."

It was also agreed that "compensatory damages would be paid" for the benefits lost from the land since the date of occupation. Likewise, it was also agreed that the Agrarian Reform Secretariat would be asked to suspend land studies until the land occupations are settled and that banks would be asked to forgive normal and moratorium interest on farming loans or loans for remodeling existing farm facilities, in addition to restructuring these loans.

Other agreements were to not pressure any proprietor into selling his land and to pay those who accepted fair and timely prices, taking into account location, quality, and crops grown on these lands.

In the event of future occupations, the state government pledged to evict the squatters immediately within 72 hours after the report is made to the Attorney General's Office.

The state government accepted the request to expedite preliminary investigations into occupation-related evictions, damages, theft, cattle rustling, and kidnappings, thus ordering the state Attorney General's Office to begin the investigations immediately. It also agreed to call for a concerted agreement between peasant and cattle ranchers' organizations to analyze and definitely solve, once the conflict ends, the state's backward farming system. Likewise, rent due to those affected in the area of conflict will be paid according to the 9 May agreement.

Two last agreements: the installation of intergovernment and small landowner commissions within the next 72 hours and the appraisal of each of the plots affected in the area of conflict, as well as payment for land that was the property of small plot settlers who were uprooted by the conflict, were accepted, but on condition that work be started within the first 15 days of September. A bipartisan commission will be formed.

Meanwhile, the sit-down strike by cattle ranchers and small landowners continues tonight, as does the hunger strike by two women outside the government palace. The demonstrators warned that they would only end the sit-down strike and the fast when evictions from their occupied lands begin.

## Defense Secretariat Denies Plans to Militarize Sierra

*PA0507160494 Madrid EFE in Spanish 1927 GMT 1 Jul 94*

[Text] Mexico City, 1 Jul (EFE)—Today, the Mexican National Defense Secretariat [SEDENA] denied it has begun the "militarization of the sierra" in different regions of the country, as some media have reported.

A SEDENA communique explains that the presence of soldiers in the mountains of various states is due to a permanent campaign against drug trafficking. The official report said that military zone commanders are in charge of implementing this plan, which is implemented throughout the year in any military zone, as local information is received about the crime. There are also regional and national operations to fight drug trafficking. These operations involve a larger number of troops and coincide with the rainy season. SEDENA stresses that regional and national operations have been taking place an average of three times a year since 1990.

The SEDENA communique was issued after an increase in the number of reports in the past two weeks about the presence of troops to put down outbreaks of guerrilla activity in the sierras of Guerrero, Veracruz, and Puebla States, among others.

## SEDESO Official Invites Peasants to Dialogue

*PA0507162894 Mexico City LA JORNADA in Spanish 1 Jul 94 p 14*

[Report by Jose Gil Olmos and Candelaria Rodriguez]

[Text] Tuxtla Gutierrez, Chiapas, 30 June—Social Development Secretary [SEDESO] Carlos Rojas unexpectedly traveled to Chiapas today to meet with several groups, primarily with representatives of the State Council of Indian and Peasant Organizations (CEOIC). Rojas invited them to "a dialogue to reach a peaceful solution" on the problem with the squatters.

The situation surrounding the eviction of CEOIC peasant members from the land they have invaded took a turn for the worse today. Several Indian groups started to block highways in the Yajalon-Ocosingo, Tapilula-Solosuchipa, and Palenque-Villahermosa areas. They also held meetings and demonstrations in Simojovel to reject the agreement between the state government, the cattlemen, and the small landowners that was signed yesterday. The situation also got tense at the Chiapas government palace, where cattlemen and landowners are staging an ongoing protest and Laura Mayagoitia and Mirna Camacho continue on their hunger strike.

Governor Javier Lopez Moreno's refusal to sign an agreement with the Coalition of Rural Proprietors Federation and the Chiapas cattlemen unions has extended the time for starting the evictions—scheduled to begin 48 hours after the signing of the agreement—and has created discontent among the cattlemen. Cattlemen leader Jorge Constantino Kanter has asserted that "the commitment established with Chiapas Secretary General Rodolfo Ulloa is serious and has to be kept. It is a legal commitment. I do not understand why the governor has not signed the agreement."

SEDESO Secretary Carlos Rojas, Chiapas Deputy Secretary General Jose Narro Robles, Governor Javier Lopez Moreno, and other officials held a two-hour, closed-door meeting with members of CEOIC at the Chiapas government house in the afternoon. As he was leaving the meeting, CEOIC spokesman Francisco

Jimenez reported that the SEDESO secretary had called them to the meeting and that they had described the "tension created by the state government when it signed an agreement with the cattlemen to vacate the property that had been recovered by the peasants." "Its actions are evidently contradictory. On one hand, the state government signs an agreement with CEOIC to negotiate access to the land; on the other, it reaches an agreement with the cattlemen and promises to clear the land occupied by the peasants. This is contradictory and makes the situation very unclear," Jimenez commented.

According to the CEOIC members who attended the meeting at government house, SEDESO Secretary Rojas heeded the peasants' demands "for a new strategy to succor the state." Francisco Jimenez added: "We said we were willing to reach a negotiated solution, but asked that Government Secretary Jorge Carpizo be present at the negotiations because everything that happens in Chiapas will have national repercussions. We also asked for a meeting with other state secretaries—Agrarian Reform, Attorney General of the Republic and the CNDH [National Human Rights Committee]—to reach a new and thorough solution to the demands for human rights, housing, food, and security. [no closing quotation marks as published]

Carlos Rojas said he would consider the requests and proposed a new meeting. "Meanwhile, we will meet with the governor again this Friday to study the demands to implement the pending presidential resolutions, the new land requests, and the new reinstatements," Jimenez stated. He added, however, that the issue of the governor signing the agreement with the cattlemen was left "in the air" at the meeting, and thus the evictions would begin soon. Members of CEOIC asserted that they will not leave any of the seized properties.

Furthermore, sources in the Attorney General's Office revealed that they are scheduled to start evictions from 39 land parcels as soon as the Chiapas governor signs the agreement with the cattlemen and landowners. The lots are in Bochil, Sayalo, El Bosque, Palenque, Las Margaritas, Trinitaria, Villa Corzo, and Pueblo Nuevo, among others. During the evening, it was also reported that 250 members of the public security forces had left Tuxtla Gutierrez for the San Miguel estate and from there would proceed to Pichucalco, where three CEOIC members had been arrested after an eviction three days ago. Deputy Attorney General Miguel Angel Espinoza will also go to that area, where tensions have increased in the past few hours.

## Police Break Up Gang Linked to Tamaulipas Drug Cartel

*PA0607024794 Madrid EFE in Spanish 1847 GMT 5 Jul 94*

[Text] Mexico City, 5 Jul (EFE)—The Attorney General's Office [PGR] today reported that the Mexican Federal Police have broken up a gang that was working for the Tamaulipas Drug Cartel, one of the five largest drug trafficking organizations in the country.

The PGR added that on 3 July, several PGR agents captured Vicente Ramirez, also known as "La Rana," the leader of "Los Valientes" gang, along with two of its members in Ciudad Reynosa, Tamaulipas State, east of Mexico City. Another eight gang members remain at large.

Mexican police are conducting a wide-scale operation against the main Mexican drug groups. The PGR has given its agents 30 days to capture members of these drug groups, agents it has threatened to accuse of being accomplices to drug traffickers.

The police have dealt heavy blows to the Tamaulipas Drug Cartel, whose operations are controlled from Matamoros near the U.S. border. The cartel's financial chief was arrested in June in Monterrey, northern Mexico.

In another police operation in Quintana Roo State, southeastern Mexico, two individuals, who were trying to reach the central Mexican region with 3,229 kg of explosives, were apprehended. According to information disclosed by Jalisco State, on 11 June, a drug trafficking gang detonated a car bomb made of plastic explosives in Guadalajara.

## CANACINTRA Examines Effects of Macroeconomic Adjustments

*PA0507160194 Mexico City LA JORNADA in Spanish 1 Jul 94 p 46*

[Report by Raul Llanos]

[Text] Huatulco, Oaxaca, 30 Jun—The cost of macroeconomic adjustment between the different economic sectors has not been proportional because thus far, national industry has been affected the most. This is the opinion of the National Association of the Processing Industry (CANACINTRA), which urged authorities to reflect on this situation and adopt the pertinent measures needed for recovery, including redesign of industrial policy.

In a document issued during the "CANACINTRA and Journalism" forum, the leading organization demanded that the microeconomic revolution be a reality and not only a concept devoid of content; actions must be carried out which will strengthen rather than curb growth.

The text, which evaluates the industrial sector's performance during the first three quarters, notes that between January and March six of the nine manufacturing industry divisions were gripped by recession. This trend has continued in the past 12 months, while unemployment has increased in the transformation sector.

It notes that despite the fact that manufacturing generates 68 percent of Mexico's industrial production, "there are no signs that production is set to reactivate."

CANACINTRA states that added to this situation is the fact that so far neither the public nor the private sectors have been able to generate enough sources of employment because of the effects of scarce investment and labor problems associated with the modernization of manufacturing.

The organization, which groups over 80,000 industrialists, notes that politically "we are immersed in a context where different forces converge abruptly, hampering the present and preventing us from clearly visualizing the future."

CANACINTRA notes that during the first five months of this political year, various events occurred that assigned the country an unusually dynamic, contemporary role. This permitted it to form a "coalition" with the country's political and economic sectors.

The organization's analysis, the president of which is Victor Manuel Terrones, diagnoses national industry's behavior. It notes that over three consecutive trimesters, the lumber sector and its products have seen reduced activity.

According to CANACINTRA, the textile, apparel, shoes, and leather industries have continued their unfavorable performance. For the fourth time, paper production for printing and publishing houses production has dropped. It is indispensable that this trend be reversed.

Also, in the January-March period of this year, manufacture of nonmetal mineral products found itself in a situation similar to that of chemicals. It appears to have hit bottom. There have been three drops in the manufacture of foodstuffs, beverages, and tobacco.

The report adds that the situation of economic contrasts has continued throughout this year. On one hand, there has been progress in macroeconomic stability, yet on the other hand, the reactivation of the gross domestic product has been insufficient to cover Mexico's economic needs.

In that same context, it mentioned that domestic interest rates, after being at their lowest level in over two decades, increased as of April, averting decapitalization of the financial sector. This objective was achieved, but the scarcity of money and the political climate forced postponement of investment plans.

Also, "speculation and instability increased; an important amount of dollars sought new horizons in the financial sector of the United States, just as the dividend rates began to rise in response to the economic shock of late March and early April."

As a result of all this, CANACINTRA noted, it is clear that a large share of the cost of the country's economic modernization has fallen to small and medium industry.

By virtue of this, it notes, it is advisable to redesign industrial policy in order to offer support to businesses in keeping with their specific requirements. "The microeconomic revolution must not become a concept devoid of content. The government, businessmen, and workers must redouble efforts to progress toward a new industrial culture, compatible with the current challenges."

## El Salvador

### U.S. Soldier's Court-Martial Criticized

*PA0607022994 San Salvador LA PRENSA GRAFICA in Spanish 5 Jul 94 p 5*

[Text] The one-year prison term a court-martial has imposed on U.S. Major Ismael Lopez elicited diametrically opposed reaction in El Salvador yesterday. Lopez was being tried for the murder of his Salvadoran bodyguard Jose Crescencio Diaz.

The coroner who attended the trial said the sentence was imposed by a court-martial that only heard from witnesses who supported Lopez in describing the crime as an accidental homicide.

Meanwhile, Public Prosecutor Marcial Zelaya Larreynaga, who attended the trial as an observer, said he was pleased with the decision regardless of the duration of the jail term, because it determined guilt. Zelaya said another positive aspect of the ruling was that the U.S. Government agreed to compensate Diaz's relatives with the payment of an unspecified amount of money, which could total as much as $100,000. Zelaya reiterated that the length of the jail term is immaterial, and he added that what is important is that the guilt of the perpetrator was established.

Zelaya Larreynaga said: "This was characterized as a culpable homicide, and in El Salvador this would not necessarily entail jail time."

On the other hand, ARENA [Nationalist Republican Alliance] deputy Rene Figueroa said the sentence is a "mockery" of El Salvador and simply shows how little the life of a Salvadoran is worth. He described the sentence as laughable, especially because there are enough witnesses and evidence to justify a harsher sentence, and also because people at the scene testified there had been an abuse of authority. Figueroa added: "We believe that on this occasion U.S. justice proved to be toothless."

PDC [Christian Democratic Party] deputy Miguel Espinal said: The sentence is not in proportion to the crime, and even though it is a sovereign decision of the U.S. justice system, "it is a slap in the face to Diaz's relatives." Espinal stressed that if the victim had been a U.S. soldier and the perpetrator a Salvadoran citizen, the sentence would not have been lighter than 30 years in prison.

### Police Demobilization Accelerating

*PA0507134294 San Salvador Canal Doce Television in Spanish 0300 GMT 30 Jun 94*

[Report by Edwin Gongora from the "Up-to-Date" newscast]

[Text] It seems the National Police [PN] have been put on trial. Deputy Public Security Minister Hugo Barrera today announced that President Armando Calderon Sol has ordered the expeditious demobilization of the PN.

[Begin Barrera recording] We are going to accelerate the PN's demobilization as much as possible. This is indeed the result of the latest developments. We are working strongly in that direction. According to the peace accords and the new dates established through the agreements among ONUSAL [UN Observers for El Salvador], the FMLN [Farabundo Marti National Liberation Front], and the government, the PN could be... [pauses] Its demobilization was supposed to end in March 1995. But we are going to try to achieve this by December at the latest. [end recording]

Barrera explained the decision is really to purge the PN of what it has been until now. We plan to remove the bad and keep the good. The official, who refused to comment further on the topic, declined to say if other agents could be implicated in addition to Lieutenant Coreas. He also denied that procedural contradictions exist between the PN and the National Civilian Police [PNC].

[Begin Barrera recording] There are no contradictions of any kind. We could say we are accelerating the demobilization to remove undesirable elements from the PN and of course to retain good elements so they can formally join the PNC. We are not saying we will eliminate everything because there is no place where things are either all bad or all good. We are going to keep what is worth keeping, from the standpoint of experience and the human quality of individuals and their moral condition. [end recording]

The official also denied reports that Colonel Samuel Dolores Cuellar had resigned as PN director. On another matter, Barrera announced the PCN inspector will be appointed soon. The specific functions of the inspector, Barrera noted, will be to keep strict control over all activities of said security corps.

## Guatemala

### Government 'Unable' To Accept Haitians

*PA0507232094 Panama City ACAN in Spanish 2152 GMT 5 Jul 94*

[Text] Guatemala City, 5 Jul (ACAN-EFE)—The Guatemalan Foreign Ministry reiterated today the government will not admit Haitian refugees, because it is unable to receive them.

Antonio Monzon, Foreign Ministry spokesman, has told ACAN-EFE that Panama's decision "will not change Guatemala's position."

Panamanian President Guillermo Endara has agreed to receive 10,000 Haitian refugees at the request of the United Nations and the U.S. Government.

## Ombudsman on Peace Accords, Conscription

*PA0107200194 Guatemala City Teleonce Television in Spanish 1900 GMT 28 Jun 94*

[Report on interview with Human Rights Ombudsman Jorge Mario Garcia Laguardia by unidentified reporters at the Legislative Palace in Guatemala City on 28 June—recorded]

[Text] [Garcia] This [terrorist bombing that destroyed bridge in San Cristobal] happened at the same time that we are signing the peace accords. We signed the broad framework for the peace accords in January. We have slowly made progress, and we overcame the standstill in the negotiations when we agreed on the Truth Commission. This issue was probably the most sensitive of all the issues broached and overcoming it contributed to ending the standstill and making progress. And then things like this happen.

Unfortunately, there are very violent groups among our people, rightists as well as leftists. I continue to use those terms, rightist and leftist, because they continue to exist among us. There are rightist groups, and there are leftist groups. I believe those groups will continue for a long time. I believe there are groups that promote violence and that oppose the peace accords. This is indubitably dangerous.

You have said that this could be the beginning of an explosion that will impinge upon constitutional order. I do not share your opinion. I believe that most of our people want and support democracy, constitutional order, and peace. I believe most of the people support the peace accords. I believe we must support the peace accords, and I believe we are a majority. I believe these are isolated actions, and I trust that constitutional order will not be broken.

[Reporter] [Words indistinct] congress of the Republic?

[Garcia] That is a problem of conscription. We have issued many resolutions on conscription. We have denounced many civilian and military officials. We have brought the matter before the courts and the Attorney General's Office, but nothing has come of any of this. In the past two months the situation has been truly dramatic. We received approximately 600 (?complaints)—596 to be exact. We have been able to get half of them released from military duty; 184 were kids. What we are seeing in Guatemala is violence against children. We also got many others released from military duty. These were people who for one reason or another—the only child, a person whose family depended on him, students—were exempt from military duty.

After reviewing the report on the work we did in May and June I brought it to the Human Rights Commission at the Congress and asked the Commission to pass a new law on military recruitment that will include at least three things: first, that it be voluntary; second, that a person who for moral, religious, or any other reasons cannot serve in the Army not be forced to do so; and that a democratic, patriotic, and civil service be established as an alternative to military duty. I believe many people would be very happy working in a hospital for a while or working as firemen. They would be happy to work for the development committees or the Red Cross, or to work with the literacy campaign. There are many things we need in this country, and I believe that this would be much more positive than any other type of service. Furthermore, it is up to each of us to serve our country as best we can. A democratic, patriotic, and civil service alternative is important for the country. The most progressive democratic countries have a similar system. We are not discovering something new. This is done in other advanced democratic countries. This has been done quite successfully, and it is good for the country.

[Reporter] Some time ago, you presented an initiative to Congress on the disbanding of the Civilian Self-Defense Patrols [PAC]. This was used by a group of deputies to [words indistinct]. Do you think the same thing will happen to this law you are proposing on military service? Why wasn't it presented [words indistinct]?

[Garcia] You are asking two questions. Regarding the PAC, I went to the Commission with a resolution asking that it be passed on to the full Congress so that it would repeal the decree creating the PAC. I insist that the control of violence should be in the hands of state institutions, in this case the Army, the security forces, the Police, and the Government Ministry.

Rather than contributing to a process of peace and democratization, arming civilians introduces elements that disrupt social life. Look, it is not a matter of confrontation between the Army and guerrillas. It is the arming of civilians who abuse their fellow villagers or townspeople. This introduces a disruptive element that is absolutely detrimental to democracy. It creates a culture of abuses and violence and prevents us from moving toward the culture of peace and democracy that we seek.

As ombudsman, I do my duty. My duty is to make this request. I greatly regret that my requests have not been moved forward. For example, the request I presented regarding the PAC has not been submitted to the full Congress, even though I submitted it in February and here it is already June. I presented this new request today, and I hope it will proceed through the normal channels. I have done my duty. I think the other government institutions should do likewise.

[Reporter] [Words indistinct]

[Garcia] It is really terrible. I just spoke with (Karen) and she left this morning. She is no longer in Guatemala. She left Guatemala with her children because of the warnings and threats. This is terrible. It falls within the same framework mentioned by the journalist who earlier asked me a question.

First, there has been absolute incompetence on the part of the police and military authorities in the cases of Carpio and Epaminondas Gonzalez. Carpio was killed more than a year ago, and the case has not been solved. There is incompetence on the part of the civilian and military authorities and the judges. There are arrest warrants that have not been served. The process goes very slowly. At the same time, the family is intimidated and threatened. Warnings and threats have also been made against the media, human rights activists, and democratic sectors.

This is part of what I mentioned in response to an earlier question. There are small violent groups that oppose the democratic process. We should isolate them. Progressive groups in this country have to push the democratic process forward.

[Reporter] [Words indistinct] said yesterday there are mafias both inside and outside the state and that they hinder the fight against crime, violence, and impunity. Do you share that view?

[Garcia] Well, [words indistinct] knows more about this than I because he has been government minister and an official in charge of security. If he says that, there must be something to it. I have a lot of respect for him. He is an honorable and honest man.

I think our whole society is permeated with corruption. Drug trafficking, contraband, immorality, corruption, and bribery permeate the entire society. I have said before that we should make a big effort to rebuild the country morally and change the conduct of government leaders and the people. If this is as he points and as all of us believe it to be true, because every day one need only read the newspapers to realize what is going on, I think we should all think about this and change that conduct.

[Reporter] Who is the biggest violator of human rights?

[Garcia] Look, the violation of human rights always comes from state institutions because they monopolize power and have the authority. This is where the violations generally come from. But there are many other institutions that violate human rights. These include economic institutions, employers who do obey the law and those who avoid taxes. In other words, the list of human rights violators is very long. But of course the main share falls on the state authority, which controls power and generally abuses that power. As the saying goes, power corrupts and absolute power corrupts absolutely. That is what is happening in this country.

### Military Officers Promoted to Brigadier Generals

*PA0407044094 Guatemala City PRENSA LIBRE in Spanish 28 Jun 94 p 3*

[Text] During the celebrations commemorating Army Day on 30 June, four military officers were promoted to brigadier generals, and 106 others were promoted to the next rank.

Florencio Castellanos Reyes, Zacapa Military Zone commander; Juan Manuel Pelaez Castaneda, Chimaltenango Military Zone commander; Mario Rolando Terraza Pinot, Military Studies Center director; and Edgar Dedet Guzman, Guatemalan Air Force commander, are the colonels that were promoted to brigadier generals.

High-ranking Army officers presided over the ceremony, which was held at the barracks of the Marshal Zavala Regiment, and diplomats accredited to our government attended the event.

President Ramiro de Leon Carpio, as Army commander general, and Defense Minister Gen. Mario Rene Enriquez awarded the respective insignias to the new brigadier generals.

### Roundup of Economic Developments

*PA0507215794*

[Editorial report] The following is a compilation of reports on economic developments monitored through 5 July.

Guatemala's flower and plant exports increased to $10.8 million during the first six months of 1994, up 8.9 percent compared to sales during the same period in 1993. A Guatemalan Central Bank report indicates flower sales were unaffected by the trade conflict with the Netherlands, which began when the European nation imposed restrictions on ornamental plants from Guatemala allegedly because they were infested with "trips palme." The restrictions were eventually lifted. (Mexico City NOTIMEX in Spanish 2037 GMT 28 Jun 94)

The Japanese Government has donated almost $2 million to Guatemala through an agreement signed on 29 June at the Finance Ministry. The donation will be used to strengthen the tax system through the establishment of necessary legal and administrative mechanisms. (Guatemala City Teleonce Television in Spanish 1900 GMT 29 Jun 94)

Fanny de Estrada, executive director of the Association of Exporters of Nontraditional Products, says nontraditional exports have increased by 18.6 percent so far this year. Estrada made the assertion during a tour by President Ramiro De Leon Carpio of several factories of nontraditional products in Guatemala and Chimaltenango Departments. President De Leon said he was impressed with the work done at the small shops and factories and reaffirmed his interest in supporting them. (Guatemala City PRENSA LIBRE in Spanish 4 Jul 94 p 132)

## Nicaragua

### U.S., Nicaraguan Kidnappees Rescued

*PA0507235394 Panama City ACAN in Spanish 2315 GMT 5 Jul 94*

[Text] Managua, 5 Jul (ACAN-EFE)—One dead and one wounded is the result of a military operation in Nicaragua's northern Caribbean region that ended with the

rescue of three U.S. seamen and a Nicaraguan citizen who were being held by a band of rebels, an Armed Forces spokesman announced today.

U.S. citizens Timothy Duna, Ray Bresler, Arthur Iban Brown, and Nicaraguan Alfin Elis were being held since 2 July by the "Yatama" (sons of the mother earth in the Miskito language), who were demanding $6,000 for their release.

Army troops based in the northern Caribbean region and police forces staged a special operation today against the former members of the defunct "Yatama," an organization which was one of the four groups of the former "Contras" during the past decade.

The four seamen are safe and sound aboard Nicaraguan Navy Coast Guard Vessel 307 and they are being taken to Puerto Cabezas, the main port on the Atlantic Coast.

Sioner Charles Ives [name as received], who was also kidnapped, was released by his captors on Wednesday for health reasons.

The four captains of the fishing boats 36, 45, 52, and 55 were kidnapped by the Miskito Indians after the boats were intercepted in Nicaragua's northeastern region.

### Kidnappings Investigated

*PA0607031794 Panama City ACAN in Spanish 0126 GMT 6 Jul 94*

[Text] Managua, 5 Jul (ACAN-EFE)—Nicaraguan authorities are investigating why four U.S. fishing boat captains and a Nicaraguan citizen decided to go ashore where they were kidnapped on Saturday by Miskito Indians in northern Nicaragua's Caribbean region.

During a news conference, Nicaraguan Deputy Government Minister Frank Cesar reported that the vessels on which the kidnapped sailors were traveling in the Atlantic Ocean were within three miles (nearly five kilometers) of shore, which is considered unusual.

According to Nicaraguan Government regulations, fishing boats are not allowed to fish within three miles of the coast because the region is reserved for domestic fishing by Indians who live on the Atlantic seaboard. According to the official, crews are not allowed to disembark from their vessels in places that have not been authorized by the fishing companies.

"We do not know if the Miskitos were waiting for them (the Americans)," Cesar added.

The deputy minister said, "These questions will have to be explained" after the kidnapped Americans are transported to Managua from Puerto Cabezas on an "An-26" aircraft. After pointing out that the results of an investigation will be released to the press, Cesar said a police team had been dispatched to Puerto Cabezas to probe the incident.

Meanwhile, Cesar confirmed that one kidnapper was killed and another was wounded in the military operation in Cabo Verde in northern Nicaragua's Caribbean region. The operation ended with the rescue of the three U.S. sailors and the Nicaraguan citizen. Cesar also said that neither the dead individual nor the wounded had yet been identified.

Since Saturday, U.S. citizens Timothy Duna, Ray Bresler, and Arthur Iban Brown and Nicaraguan citizen Alvin Elis have been in the hands of the "Yatama" ("Children of Mother Earth" in the Miskito language), who initially demanded $300,000 for their release. They later reduced the ransom demand to $6,000, Cesar said.

Forces from the Army stationed in the northern Caribbean region and the National Police conducted the special operation against the members of "Yatama"—an organization that in the 1980's was one of the four fronts of the former "contras."

According to Cesar, three of the five members of this "band of criminals" fled toward Honduras. In turn, coordination activities were being conducted this evening with the Honduran military in an attempt to capture the kidnappers.

Sioner Charles Ives [name as received], who also had been kidnapped, was released by his captors on Monday apparently for health reasons.

When referring to the band of kidnappers, Captain Milton Sandoval said: "They are common criminals who go around committing crimes" in the far-flung regions of Nicaragua's Caribbean coast.

The four fishing boat captains were kidnapped by the Miskito Indians on land. Their first mates then brought the fishing boats to Puerto Cabezas.

The released sailors work for "Gulf King," a U.S. fishing company that has permission to operate in this Central American country. Jorge Vogl, "Gulf King" director in Nicaragua, thanked Nicaraguan authorities following the release of the kidnapped men.

### FSLN Communique on Proposed Military Code

*PA0507130094 Managua BARRICADA in Spanish 1 Jul 94 pp 1, 8*

[Report by Noel Irias]

[Text] A communique issued by the FSLN [Sandinist National Liberation Front] National Directorate yesterday asserts that the promulgation of the Military Code "is vital for strengthening the state of law and for institutionalizing the Army." But it nonetheless proposes that the original proposal be changed.

Some of the modifications and proposals put forward by the Sandinist Directorate are to include retired military personnel in the law, for the Army not to be used to supervise public order, and that the Executive have the

authority to reject the candidate for commander in chief as nominated by the Military Council.

The FSLN Directorate accepts that the Military Council should nominate a candidate for commander in chief but maintains that "subordination to civilian power should be clearly established by giving the Executive the authority to reject the Military Council's proposal," says the text of the communique.

On the issue of justice, the FSLN asserts it "favors the principle that military members who commit common crimes should be tried by ordinary justice."

According to the communique, the Sandinist party will propose during upcoming debates in parliament that a provision be added to the law that states that no member of the EPS [Sandinist People's Army] member will be obliged to obey orders that contravene the Constitution, laws, or human rights.

It will also propose that the changes to the Constitution prohibit the creation of "any political intelligence organization in any government institution."

FSLN Secretary General Daniel Ortega asserts that although they acknowledge the positive work of the Information Directorate for Defense—DID—political espionage is undesirable within the context of Nicaragua's democratic process.

The FSLN also says that "never again should military service be reinstated in our country." It categorically declares its opposition allowing foreign troops to pass through our territory and favors deleting the paragraph that allows the government to use the Army to quell public disturbances.

Ortega suggests that the requirements for candidates for military commander be clearly specified.

Regarding retired Army soldiers, the communique maintains that "the Military Code must explicitly recognize officers in retirement, including their rank, category, medals, and awards" and lend the necessary support to their demands of the government.

With regard to the Military Social Security Institute, the FSLN will propose that its characteristics and control mechanisms be specifically explained and that it be clearly stipulated that its firms will not have any differentiating characteristics that might afford it certain privileges.

### Drought Prompts Rationing of Electricity

*PA0507233794 Managua Radio Nicaragua Network in Spanish 1230 GMT 4 Jul 94*

[From the "News Flash" program]

[Text] The Nicaraguan Institute of Energy, INE, has been forced to suspend electricity service for up to six hours daily nationwide because of a lack of rainfall in Jinotega Department in which Lake Apanas is located, and because of low tides on the country's Pacific coast where the Nicaragua power plant is located. INE spokesperson Olguita Morada said electricity rationing will continue for an indefinite amount of time in the country's 12 districts until water levels at the Central America and Nicaragua hydroelectric plants are restored.

Two weeks ago, INE Director Emilio Rappaccioli explained that the INE was going to implement these emergency measures to prevent all of the water in Lake Apanas from being used up until rainfall raises the lake to an optimum level for electricity production. He added that the rationing also has mid-term and long-term objectives, because if it is not implemented, the production capacity of the hydroelectric plants would be greatly affected this summer.

The INE spokesperson said the main problem is the drought, adding that there has not been a good rainy season. She said this situation, along with the low tides in Port Sandino and the malfunctioning of two of the power plants that operate with petroleum, has prompted the energy crisis. Meanwhile, customers want the INE to adhere to the power cut schedules that have been published. On Wednesday, there will be changes in the rationing plan. In any case, the energy crisis is worsening.

## Panama

### Next Administration Opposes Accepting Haitians

*PA0507231094 Panama City ACAN in Spanish 2131 GMT 5 Jul 94*

[Text] Panama City, 5 Jul (ACAN-EFE)—The Panamanian Government that will take power on 1 September will not accept the 10,000 Haitians the current government has agreed to accept, nor will it accept their staying on an island. The next government is also talking with Washington so that the refugees will stay on U.S. military bases in Panama.

Gabriel Lewis Galindo, President-elect Ernesto Perez Balladares' foreign minister-designate, told ACAN-EFE today that he has already spoken to U.S. officials on this issue and that Washington has no objection.

The new government, he said, will accept the refugees if they stay at the U.S. military installations along the banks of the canal, which links the Atlantic and the Pacific oceans, and if they stay for no more than one year under U.S. responsibility.

There are approximately 10,000 U.S. soldiers stationed at those installations. They must leave the country before the end of 1999, when the canal will be turned over to Panama.

Panamanian President Guillermo Endara announced today he rejected the U.S. request to house the Haitians along the canal, because this would be a violation of the

canal treaties signed in 1977. He said he insisted the operation be supervised by UN personnel.

To prevent the bases from being used for purposes other than protecting the canal, Endara offered to install the refugees on a semiarid Pacific Ocean island, San Jose Island, 100 km from the capital, and to use the U.S. base of Fort Sherman only as a stopover, with all expenses covered by the United Nations.

Lewis Galindo has said, however, that he has consulted with canal treaty experts, and they believe welcoming the Haitians to the U.S. bases with Panama's approval and the coordination of the Panamanian Government does not violate the agreements.

The acting foreign minister has acknowledged Endara's decision has not been well received by the incoming administration, which could inherit a serious problem. He has said we must back the Haitians' in their adversities, but without overlooking Panamanians' apprehension over the impact of the tremendous arrival of refugees.

Endara advised Perez Balladares, who is in Hong Kong on a private visit, via telephone of his decision on the Haitians. Perez Balladares announced in a communique made public today his position, stating that the refugees' stay in Panama should be temporary, that they should be housed at the bases, and that the United States should be responsible as well as bear the expense.

Galindo believes the bases option is less "risky" for Panama, because it will prevent the United States from disengaging itself from the Haitians' fate.

The Endara administration is preparing to sign an agreement with the United Nations establishing the details to receive the refugees at San Jose Island. Endara has acknowledged preparing the camps could take from one to two months, just as the new administration takes office.

The incoming Panamanian foreign minister predicted there will surely be an understanding with Endara by the time the president-elect returns to Panama on 7 July.

The outgoing and incoming presidents have maintained cordial relations and have established transition commissions even though they are both political rivals whose parties, the ruling Arnulfist (populist) Party, and the Democratic Revolutionary Party (PRD, the opposition party), competed in the past elections, which ended with a small margin in favor of the second.

In addition, the PRD was in power with General Manuel Antonio Noriega when the 1989 U.S. invasion occurred, which toppled the general and turned the Presidency over to Endara.

## Endara, Foreign Minister Comment

*PA0607013594 Panama City Circuito RPC Television in Spanish 2300 GMT 5 Jul 94*

[Report by Luis Alberto Jimenez from the "RPC Television News" newscast; passages within quotation marks recorded]

[Text] Panamanian President Guillermo Endara reiterated today, Tuesday, his decision to permit the entry of Haitian refugees into the country, and he explained the reason for his decision. In his first public statement about his decision to permit the creation of a camp of Haitian refugees in Panama, the president said, in exclusive statements to RPC Television, that although it would have been easier to say no to the United Nations, he preferred to be led by his sense of human solidarity. President Endara said we have rights as a nation but also duties to fulfill. He said in order to receive benefits from international organizations, it is also necessary to reciprocate, and we must do our Christian duty and express our solidarity in this particular case:

[Endara] "Due to the UN request, we had to answer yes, but with all the guarantees for the people. They must be in a special camp established for them. They must not intermingle with the people, and there must be no health problems. There must be no expenses for the Panamanian Government, a government that has no money."

President Endara said Panama has provided security guarantees for Panamanians, guarantees which will be specified in the agreement that will be signed in the coming days with the office of the UN High Commissioner for Refugees.

[Endara] "We believe the agreement will be signed before the end of this week. Once it is signed, the Haitians will start arriving."

Vice President-elect Tomas Gabriel Altamirano Duque maintains the position of President-elect Ernesto Perez Balladares that the Haitian refugees should remain at a U.S. base.

[Altamirano] "We believe that our decision is better, that the Haitians should remain at a U.S. base so that they will also be concerned about returning them to Haiti after the problem is solved."

Endara's decision has sparked diverse reactions from various sectors of Panamanian society, primarily due to the possibility the Haitians' arrival may increase health and social security problems. Foreign Minister Raul Mulino shares this concern but he said the agreements contemplate all sorts of measures to avoid such situations:

[Mulino] "I will be clear. The individuals who will arrive in Panama are Haitians who have been categorized. They are not going to come from the boats to Panama. They will pass through classification centers in other

areas of the Caribbean. They will then arrive in Panama in an orderly manner and they will remain here for as long as the crisis lasts."

The Haitian refugees who will be brought to our country will be lodged at Fort Sherman until San Jose Island is prepared; this will create temporary jobs and, subsequently, the consumption of national products. It was noted that the operation of this refugee camp will cost the United Nations approximately $3 million a month.

### Assembly Members Question Decision

*PA0607013294 Panama City Circuito RPC Television in Spanish 2300 GMT 5 Jul 94*

[Report by Alexandra Ciniglio from the "RPC Television News" newscast]

[Text] The Haitian refugees are also an issue of discussion at the Legislative Assembly. Some legislators are surprised by the suddenness of the Panamanian Government's decision to grant refugee status to Haitians, when just a few weeks ago it had rejected such a move. The Legislative Assembly's Human Rights Commission has decided to review the issue.

[Begin recording of Christian Democratic Party legislator Jose Domingo Torres, identified by caption] In terms of solidarity and altruism, I believe the decision was proper. Nevertheless, the bringing of 10,000 Haitians to the country will create problems. This is why the Human Rights Commission has asked the minister [not further identified] to come here on Thursday and explain where the Haitians will be taken and to outline assurances that they will be repatriated when the appropriate time comes. [end recording]

The Democratic Revolutionary Party [PRD] is also worried about the decision made by Panama and the United Nations High Commissioner for Refugees [UNHCR]. PRD legislator Balbina Herrera has described the government's decision as irresponsible:

[Begin Herrera recording] First, their traits and culture are different from ours. Second, the crisis the Haitian people are experiencing is very serious, and they are living in extreme poverty. Their education, their health, and their customs are quite different from ours, and this is going to affect us in one way or another. I cannot understand how people in the government can say that the presence of 10,000 Haitians will create 1,500 jobs in the country. [end recording]

Meanwhile, ruling party legislators are a bit more optimistic, and they believe that the conditions established by the government will be honored.

[Begin recording of Arnulfist Party legislator Lucas Zarak, identified by caption] The UNHCR has promised to make its purchases within the country, as long as we can provide what it needs to cover the needs of the Haitian refugees. This means that the situation will not harm us. We are not going to issue them job permits, and all of this spending will help local businessman and Panama. [end recording]

Although many legislators agree that international solidarity is important, they also believe it is important to stress that there are economic factors, as well as health, education, and culture, that differentiate us from the Haitians.

### 'Serious' Consideration of Haiti Refugee Issue Urged

*PA0507174094 Panama City LA PRENSA in Spanish 5 Jul 94 p 1A*

["As of Today" column]

[Text] Accepting the establishment of a center for Haitian refugees in Panama is a matter that calls for serious and careful consideration. Of course, we must consider matters such as human rights, obligations to the international community, and feelings of solidarity with the victims of the Haitian military dictatorship.

However, Panama has its own problems, and the obligation of any government is to try to solve them. Even if the United Nations, through its High Commission for Refugees, assumes all expenses to install and support the refugee camp and promises to repatriate the refugees, there is the risk, almost the certainty, that regardless of how strict the security measures are, some of them will evade the controls and remain in the country indefinitely without any legal means to support themselves and probably become a serious threat to public health.

In addition, history reminds us that the promise to repatriate West Indians workers who were brought in by the United States to build the Canal was never kept. Something similar could occur if the situation in Haiti becomes more complicated than the United Nations anticipates.

A matter as delicate as this must not be settled so quickly or rashly. Let us think this through prior to committing the nation in matters that can affect it in the short, medium, and long term.

### Government, UN Preparing for Haitian Refugees

*PA0507201794 Panama City ACAN in Spanish 1822 GMT 5 Jul 94*

[Text] Panama City, 5 Jul (ACAN-EFE)—This week the United Nations and the Panamanian Government will work out the "details" of the arrival of up to 10,000 Haitian refugees on a deserted island in Las Perlas Archipelago, in the Pacific Ocean.

Eduardo Nino Moreno, the United Nations representative in Panama, told ACAN-EFE that a delegation of experts from the UN High Commissioner on Refugees (UNHCR) will arrive on Thursday or Friday to begin "logistical" negotiations with Panamanian officials.

The UN representative explained that the Panamanian Goverment will have to provide specific information on the legal status of the Haitian refugees and that it "will not assume any of the expenses (approximately $4 million a month), since the United Nations will completely underwrite their stay."

President Endara announced today during a meeting with local reporters that the government has proposed to the United Nations that the Haitians be sent to the deserted island of San Jose, which is privately owned. The island is located more than 100 km from Panama's coast.

Nino Moreno said the United Nations finds the proposal acceptable, although it has not been finalized yet. He stressed that before the refugees' arrival camps will have to be set up that must meet UNCHR requirements.

"The international standards of refugee camps in other areas of the world have to be respected in Panama," the UN official stressed.

Panamanian contractors will participate in the construction of the camp, Nino Moreno added, and local personnel, such as doctors and assistants in all areas, will work on tasks related to this installation.

He added that all necessary materials will be purchased in Panama, except those currently unavailable, as will the food. In this way the country that accepts the refugees will benefit in terms of services and products generated during their stay.

Commenting on the rejection of this decision by various political parties and some sectors of Panama, Eduardo Nino Moreno gave assurances that at most the refugees will remain in the country for one year, although he did not rule out the possibility that this period could be extended.

In any case, he noted, the decision depends on the outcome of the Haitian crisis, as well as on the willingness of the government of President-elect Ernesto Perez Balladares, who will assume power on 1 September. Perez Balladares is a member of the Democratic Revolutionary Party.

"If Perez Balladares' government says no, the refugees must leave," the UN representative said. He indicated that the ultimate goal of the operation is to repatriate the Haitians to their own country.

In this regard, he indicated that it is his belief that the arrival of the refugees has not been rejected by the new government, which he thinks "intends to cooperate" in this matter.

Nino Moreno argued that accepting the refugees represents a gesture of "solidarity with another's misfortune" in response to the UN's call on the international community. This will take place with the support of the United States. The United States every day rescues hundreds of shipwrecked Haitians fleeing the military regime in their country.

Eduardo Nino Moreno noted that a decision has not yet been made on when the refugees will arrive because camps must first be set up. Initially, they could be housed on the U.S. Southern Command's Fort Sherman, located in Colon Province at the Canal's entrance.

Panama is the first Central American nation to officially accept the arrival of Haitian refugees, following a U.S. request.

Last week U.S. officials suggested to President Endara that the refugees be housed on U.S. bases along the Canal. But the Panamanian Administration refused this suggestion because it considered that this would violate the treaty between the two nations on the use of those military installations.

### More on UN Preparations

*PA0607010194 Panama City Circuito RPC Television in Spanish 2300 GMT 5 Jul 94*

[Report by Leyda Morris from the "RPC Television News" newscast]

[Text] It has been learned that a United Nations High Commissioner for Refugees [UNHCR] mission will soon be arriving in Panama to coordinate the arrival of the first Haitian refugees in Panama. UNHCR National Director Jose Javier Mulino said the date for the arrival of the first group of Haitian refugees has not been set. Mulino also said that it is first necessary to prepare the place where the refugees will be staying.

[Begin recording of Mulino, identified by caption] A UNHCR mission will soon be arriving in Panama. The main goal of its mission will be to visit the area or areas the Panamanian Government has set aside as sites for the refugee camps. [end recording]

According to the UNHCR national director, it will not be possible for Haitian refugees to escape the island where they will be sent. Mulino said that health controls will be maintained and that the Panamanian Government will not provide one single cent to cover the refugees' needs. According to Mulino, the Haitian refugees will be taken to San Jose Island, and after a year they will be repatriated as established in the agreement.

[Begin Mulino recording] These are maximum security areas. The refugees will be sent to a specific site and will live there. Camp security and administration will be the responsibility of special UNHCR personnel. The UNHCR has a great deal of experience in matters of handling refugee camps. The UNHCR is present in Rwanda and has been in Somalia, Afghanistan, and the former Yugoslavia. [end recording]

At the conclusion of the meeting, RPC Television saw a group of Haitians in the building requesting political

asylum. However, they refused to speak to reporters because they fear persecution. The Republic of Haiti covers an area of 27,750 square km, equal to the area covered by the provinces of Bocas del Toro, Chiriqui, Los Santos, Herrera, and Cocle. Some 6 million people live there.

### Endara Offers Police, SPI for Haiti Peacekeeping Operations

*PA0207160194 Panama City LA PRENSA in Spanish 1 Jul 94 p 2a*

[Report by Ibeth Vega]

[Text] President Guillermo Endara said yesterday that Panama has agreed to participate in peacekeeping operations in Haiti once democracy is restored and it has offered the professional services of police and even certain Institutional Protection Service (SPI) personnel.

Endara confirmed that he has received diplomatic requests about the possibility of participating in peacekeeping operations in Haiti once democracy is restored. President Jean-Bertrand Aristide was overthrown by the military in 1991.

"We have been told via diplomatic channels that if Haiti had a change of government, the need would arise for a UN police force. We were asked if we would be willing to participate with a number of policemen," the Panamanian president said.

We replied that we cannot send soldiers because we have no army, and we are short of policemen, but we would make the sacrifice and are willing to find a way to supply as many policemen as we can.

Endara said that SPI personnel have been offered to guard high-ranking government officials, "because in such a situation they are going to need personnel to guard future high-ranking Haitian Government officials."

"We have made the offer. I do not know if this will happen in the next two months or whether it will be up to me to make the final decision because it is still not a firm commitment."

### Free Zone Firms Prohibited From Selling to Haiti

*PA0407202794 Panama City EL PANAMA AMERICA in Spanish 4 Jul 94 p A1*

[By Juan Pritsiolas]

[Text] The Panamanian Government has prohibited the 1,600 firms in the Colon Free Zone from selling merchandise to the Republic of Haiti, but it has yet to freeze the accounts of members of the military regime of that Caribbean island.

Acting Free Zone Manager Gerardo Harris told EL PANAMA AMERICA that he sent a circular to all companies to refrain from conducting business with the Haitians.

The official said that Haiti is an "important" market for the Free Zone, and the absence of Haitian buyers will noticeably affect business activity.

Gerardo Harris said he does not have current figures on reexports to Haiti but he estimated that they equal $40 million a year. According to Comptrollership statistics, the Colon Free Zone sold Haiti more than 200 million balboas worth of merchandise, mainly appliances, clothing, and perfume, in the past 14 years.

The measure in the Colon Free Zone comes in response to the government's decision to support UN resolutions seeking the reestablishment of democracy in Haiti.

### Attorney General Outlines Drug Strategy

*PA0307022194 Panama City EL PANAMA AMERICA in Spanish 29 Jun 94 p 15A*

[Speech by Panamanian Attorney General Jorge Ramon Valdes at the 31st Conference of the Inter-American Bar Association and the International Arbitration Law Committee in San Juan, Puerto Rico, on 28 June]

[Text] Panama, like many countries, is facing a threat to the health of its people and the danger to its national security posed by attacks from a world phenomenon of great magnitude and complexity; that is, illicit drug trafficking and its negative consequences for the world's society.

The situations in our countries, coupled with economic, social, cultural, political, and even legal factors, are some of the factors we must ponder to face the growing and increasingly complex problem of illicit drug use and drug trafficking.

The international community has come together to formulate policies that will allow it to face the serious problem of drug trafficking in all its forms. This effort has been made on a global scale through different international mechanisms for dealing with drugs and narcotics (the Vienna Convention of 1988), and at the regional level through the creation of the Inter-American Commission for the Control and Abuse of Drugs (CICAD).

Several newly created entities have called numerous meetings to keep the drug struggle active with different plans of action. At all those meetings, participants agreed that drugs lead to violence and chemical dependency, thus posing a threat to democratic institutions and wasting economic and human resources that could be used to benefit our societies.

Consequently, the open discussion of the domestic problems of each country, the sincerity of explanations, and the interest in participating in this common struggle

against the enemy of mankind, drugs, has led to concerted efforts to recognize the problem and recommendations to eradicate it.

On 8 June 1994, the Attorney General's Office arranged a high-level meeting with all agencies responsible for repressing drug-related offenses in the Republic of Panama to establish an effective and coordinated strategy for the control and repression of drug trafficking in all its forms.

The issues on the agenda were:

1. Adopting control measures over airspace (aircraft, airports, and runways).

2. Implementing control actions at sea and on the coasts (maritime security).

3. Adopting controls to prevent the illegal use of chemical substances.

4. Implementing controls at ports, borders, and in the free zone.

5. Controlling the entry of cash into the country.

In this first working meeting, the basic needs were evaluated and the organization of the entities responsible for fighting illicit drug trafficking were analyzed, along with the various means used by drug traffickers to transport narcotics.

**1. Air Control Measures**

In this field, the National Air Service [SAN] has found that aircraft used in the drug trade are invading routes assigned to commercial airlines. The airplanes are flown below those routes at an altitude of approximately 500 feet to avoid radar detection.

SAN has also found that some aircraft drop packages of drugs in the sea. Special devices are attached to the packages so they can be located by ships equipped with radar.

We have discovered that the struggle against drug trafficking has become a high technology struggle in which criminals have the necessary financial means—obtained through their illegal business—to acquire the best technology, weapons, and transportation to carry out their activities.

As the institution primarily responsible for the protection and defense of our airspace, SAN has presented the Harpoon Plan [Proyecto Arpon], which proposes that versatile reconnaissance planes be used in the struggle against drug trafficking as well as in search and rescue operations.

In addition, SAN has presented a Plan for the First Narcotics Air Group, whose mission would be to keep our national airspace free from drug and arms trafficking. It would also be responsible for detecting, neutralizing, or destroying drug plantations, infrastructures, and possible actions by narco-guerrilla groups trying to enter our national territory.

**2. Sea and Coastal Control Measures (maritime security)**

The Republic of Panama has two wide coasts on the Pacific and Atlantic Oceans that are vulnerable to use by drug trafficking organizations as transit points for drugs and precursor chemicals. The National Marine Service [SMN] is making great efforts to patrol those areas, particularly areas close to the Colombian border at Puerto Obaldia in the Atlantic Ocean and Puerto Jaque in the Pacific Ocean. New bases have been installed all along the Panamanian coast.

According to the SMN, the transportation of drugs and chemical precursors on our rivers does not represent a major problem.

**3. Controls to Prevent the Dissemination of Precursor Chemicals**

The Judicial Technical Police [PTJ] has a Narcotics Division that is in charge of counternarcotics activities throughout the nation. There is a department under this division which investigates cases of precursor chemicals. This department, in coordination with the crime laboratory, controls the entrance of substances that could be used illegally into the country.

That department also controls the entrance of chemical substances through a list of approximately 80 products and chemical substances, 22 of which are in the first and second group of substances controlled by the 1988 Vienna Convention. The rest are substitute products that were discovered in chemical tests performed by the DEA.

To control imports and local sales and to determine the destination of those products within our borders, the companies that use those substances must have PTJ authorization to import or sell those products locally. The Narcotics Division maintains a file for each one of those companies and records each controlled product so as to determine its average consumption.

In addition, PTJ agents visit those companies when the requested quantities exceed the average consumption, when they request a new chemical product. They also sporadically visit those companies and prepare inventories to determine the quantities they have in stock. Once the legal use of a new product is confirmed, its entry is authorized, and the General Customs Directorate, a branch of the Finance Ministry, certifies its clearance.

Regarding the controls on drug processing material and chemical substances, we must say the Customs Directorate is closely working with the PTJ. Chemical products not meeting PTJ standards are not released. In

addition, Customs Directorate chemists analyze the substance to confirm it is indeed in the requested product, and they establish the respective import duty.

We must say that regulations on controlled substances are based on Article 12 of the 1988 Vienna Convention and the Basic Regulation for the Control of Drug Processing Material and Chemical Substances, Machinery, and Supplies issued by the CICAD.

**4. Ports, Borders, and Free Zone Controls**

The General Customs Directorate has shared the responsibility for the prevention and repression of drug trafficking since 1990, particularly on aspects concerning the movement through international borders, ports, and airports.

The General Customs Directorate, which is under the Finance Ministry, has a Department of Technical Investigations (DITA), through which the Narcotics Section plays a key role in developing methods to prevent and investigate drug trafficking activities using all the investigative procedures on drug trafficking. Those procedures include patroling and supervising vulnerable areas such as ports, airports, borders, free zones, and roads, and inspecting ships, planes, and vehicles arriving in the country.

Customs officials coordinate their work with the PTJ, and this coordination, despite the small number of such officials, has been effective.

Although this number is small, the General Customs Directorate has been able to maintain agents in all of the country's ports.

**5. Controls on Cash Entering the Country**

Cabinet Decree No. 10 of 9 March of this year establishes that all individuals arriving in the country must fill out a form declaring all the money, negotiable documents, and valuables they bring.

The General Customs Directorate has prepared a form that is now in effect so that individuals arriving in the country may declare how much luggage and money they are bringing so that the authorities may detect arrivals of more than $10,000 in cash. Likewise, efforts are being made to process information, and if any suspicious situation is detected, customs agents will bring it to the attention of the appropriate authorities. Based on this, we can conclude we have the legal tools necessary to fight all the manifestations of drug trafficking. Law 23 of 30 December 1986 constitutes the legal framework for implementing a national policy for the prevention and repression of drug trafficking and for international cooperation in the struggle against drug related crimes.

A bill to reform Law 23 of 30 December 1986 is at the Legislative Assembly and contains recommendations made by the 1988 UN Convention on the Illegal Trafficking of Narcotics and Psychotropic Substances. We are referring to covert operations and controlled deliveries.

That bill improves the current classification of such trafficking and envisages other activities not being regulated by the law now in effect, such as the planting, cultivating, and storing of seeds and plants used to produce illegal drugs and the possession and transportation of chemicals, machines, and elements used in the production of illegal drugs.

Likewise, we have international legal tools such as the Vienna Convention of 1988 as well as bilateral and multilateral agreements on the struggle against drug trafficking in addition to other domestic laws and agreements on this matter.

Exchanges of information, coordination, and cooperation play an important role in the institutions charged with repressing drug trafficking at both the national and international levels.

Our government has the task of tackling the problem and the constitutional obligation of protecting the lives, health, and well-being of the people, who are exposed to the scourge of drugs. To achieve this and so that the struggle may be effective and vigorous, all the institutions responsible for preventing and repressing drug trafficking must be provided the necessary administrative structure as well as a special budget aimed at fighting the illegal trafficking of narcotics.

## Mutual Legal Aid Agreement With UK Approved

*PA0607045794 Panama City ACAN in Spanish 0053 GMT 6 Jul 94*

[Text] Panama, 5 Jul (ACAN-EFE)—The Panamanian Legislative Assembly today approved a mutual legal assistance agreement which has been signed between Panama and the United Kingdom. The main objective of the accord is to fight drug trafficking and money laundering.

According to a Panamanian Legislative Assembly news release, the agreement will allow Panama and the United Kingdom to assist one another in judicial investigations and proceedings concerning drug trafficking. The news release added that the Panamanian Government and the Justice Ministry, and the British Interior Ministry will be responsible for providing the agreed upon assistance.

According to the document, the party whose assistance is being requested will be allowed to decline such assistance if it believes that the request is not covered by the agreement or if the request "seriously" undermines the country's sovereignty, interests, or security.

In addition, it has been agreed that the party requesting the assistance will cover the overall expenses unless the two parties agree on other arrangements or agree to alter the terms of payment.

Panama signed a mutual legal assistance agreement with the United States in April 1991 to bolster efforts in fighting drug trafficking and money laundering. The Panamanian legislature ratified the agreement a few months later, but the U.S. Senate has yet to approve it. Panama also is negotiating a similar agreement with Colombia and other countries.

### Bills on Teachers' Wages, Patent Rights Approved

*PA0507033494 Panama City LA PRENSA in Spanish 30 Jun 94 p 2*

[Report by Jose Otero and Hermes Sucre Serrano]

[Excerpts] During its third debate yesterday, the Legislative Assembly approved two bills on a wage increase for teachers and on intellectual property and other patent rights.

The full assembly unanimously supported Bill No. 130, which regulates teachers' wage guidelines, while the Intellectual Property Rights Bill was passed by 44 votes in favor, no votes against, and three abstentions.

Once the executive branch ratifies the bills, they will become effective on 1 October 1995 and 1 January 1995 respectively. [passage omitted]

Despite charges of unconstitutionality made by the Panamanian Broadcasting Association (APR), Bill No. 41, which is related to intellectual property rights and includes 14 titles and 135 articles, was finally approved during the third debate.

Following seven heated debate sessions, the assembly decided to ratify the intellectual property rights bill proposal, which seeks to acknowledge and protect local authors of literary, scientific, or artistic works. The bill details penalties ranging from six to 18 months for all violators.

According to radio station owner Fernando Nunez Fabrega, the approval of the Intellectual Property Rights Bill is an "account settling" move by the legislators against the media, whom they blame for their 1994 electoral defeat.

Nunez Fabrega, owner of the "FENU Radio Network," has said the majority of the legislators has tried to justify the approval of a bill that will only bring unexpected consequences.

In this respect, several media owners have agreed with Nunez Fabrega in that the assembly, with few exceptions, adopted a vindictive attitude, because the media did not support their bids for reelection.

The radio owner acknowledged that legislators such as Guillermo Cochez and Milton Henriquez attempted to mediate in the controversy. He also acknowledged the Revolutionary Democratic Party [PRD] bloc did not support the bill, which it described as "ridiculous."

The PRD legislators opposed the project, because they believe it will bring about more unemployment in the media sector.

According to the PRD, the bill will yield a high cost, because it incorporates penalties that are too extreme and out of touch with Panamanian reality.

Fernando Nunez Fabrega has said the media owners believe the bill equates violations of the intellectual property rights with attempts to destabilize the government.

The legal rulings included in the bill are of a public interest and protect the rights of every author of literary, scientific, or artistic works, regardless of nature, form of expression, merit, or destiny.

### Roundup of Economic Developments

*PA0507184894*

[Editorial Report] The following is a compilation of reports on economic developments monitored through 5 July.

A study by Rosa Elena De La Cruz published in the book, The Family in Panama, Current Situation and Outlook, (La Familia en Panama, Situacion Actual y Perspectivas), indicates that 36 percent of Panamanian homes have a monthly income of less than 175 balboas and that 48.6 percent of the country's families are considered poor. The book, which was financed by the Planning and Economic Policy Ministry (MIPPE), states that in the countryside, 43.5 percent of families earn less than 100 balboas. MIPPE estimates that a basic family food basket costs 208.31 balboas a month. A survey of homes in 1991 indicated that 24 percent of Panamanian homes live in a situation of critical poverty or indigence. (Panama City LA ESTRELLA DE PANAMA in Spanish 30 Jun 94 p A-1)

A report issued recently by the Panamanian Association of Business Executives (APEDE) states that approximately 134,000 Panamanians are unemployed. This represents 15.7 percent of the country's economically active population. It adds that 71 percent of that number live in Panama City and that more than 50 percent are between 15 and 24 years old. (Panama City LA ESTRELLA DE PANAMA in Spanish 29 Jun 94 p A-4)

## Argentina

### Di Tella Optimistic About Mercosur-EU Free Trade Zone

*PY0607032794 Buenos Aires CLARIN in Spanish 5 Jul 94 p 14*

[Text] In remarks to CLARIN, Argentine Foreign Minister Guido Di Tella and the EU [European Union] ambassador in Buenos Aires, Dieter Oldekop, have underlined the prospects and range of possibilities that a free trade zone between Mercosur [Common Market of the South] and the EU would bring about.

Di Tella said that "up until the Corfu summit, Argentina's top priorities had been first Mercosur and then NAFTA. Now the prospect of a free trade zone with the EU is more important than NAFTA."

Di Tella said the priority assigned to a free trade zone with the EU is justified because "Argentina has much more intensive trade with the EU than with the United States. This type of association between Mercosur and the EU would balance international economic relations."

Oldekop said that the "current pattern of relations between the EU and Mercosur—which is based on a technical cooperation agreement signed in 1992—is phasing out because the transition stage of Mercosur will conclude soon, and effective 1 January 1995 it will begin implementing the objectives of the Asuncion Treaty, namely the creation of a customs union and the necessary institutional structure."

Thus, Oldekop said, "the EU and Mercosur are now thinking about a new framework of relations at a higher and broader level between the two communities; that is, a framework in which no possibility would be ruled out."

### Panamanian Trawler Illegally Fishing Intercepted

*PY0107163494 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2047 GMT 30 Jun 94*

[Text] Buenos Aires, 30 Jun (NA)—It was officially reported here that a Panamanian trawler has been caught fishing without authorization in Argentine waters, 198 km from Puerto Deseado. It was intercepted today by the Argentine corvette [as received] Parker.

After ignoring orders to stop, the Panamanian trawler "Tucana I," with a Lithuanian crew, was stopped. A boarding party found the trawler did not have authorization to operate in Argentine waters.

The captain reported that the "Tucana I" was fishing a variety of small squid. A resolution recently issued by the Agriculture, Livestock, and Fishing Secretariat bans the fishing of this species south of latitude 43 degrees.

During their inspection, the boarding party discovered 46 metric tons of squid and fresh hake in the hold. The catch was seized by the Argentine authorities.

The corvette "Parker" is escorting the Panamanian trawler to the Ingeniero White port where they are due to arrive on 2 July.

## Bolivia

### Justice Minister Examining Extradition Treaty With U.S.

*PY0107230294 Cochabamba LOS TIEMPOS in Spanish 25 Jun 94 p A3*

[Excerpt] La Paz (LOS TIEMPOS)—Bolivia is studying "four doctrinal trends" for a new extradition treaty to be negotiated with the United States: either completely deny the request; grant extradition, but keep the right to veto; allow the executive branch to authorize extradition; or grant extradition without major objections.

These criteria were disclosed today by Justice Minister Rene Blattmann, who recently attended a meeting of justice ministers of Latin American countries in Colombia.

He said: "There are four defined trends at the doctrinal level: one is the type used by countries that always grant extradition; others grant extradition in cases of some special crimes, but keep the right to veto; other countries let the executive branch decide; and other countries absolutely deny extradition. A mechanism will be found within that context, following the traditions of Bolivia and in accordance with the need to effectively fight crime."

According to official information from the Foreign Ministry, Bolivia would grant extradition by identifying the punishment and keeping a right to veto, always managing extradition requests through the appropriate legal channels.

An extradition request submitted by a foreign country to the Foreign Ministry is first studied taking into account the crime, the penalty, the nationality of the criminal, and the existence of bilateral or multilateral treaties on this matter. If there is no legal framework of international commitment, the approval or disapproval of the request is established based on the reciprocity and jurisprudence existing in this country.

Immediately after that, and in accordance with the juridical order prevailing in Bolivia, the Foreign Ministry makes the extradition request official before the Supreme Court, which is the only state branch that has jurisdiction in making a decision. [passage omitted]

### President Sanchez de Lozada Begins Visit to Peru

*PY0507214894 La Paz Television Nacional Network in Spanish 1700 GMT 5 Jul 94*

[Passages within quotation marks are recordings of President Sanchez de Lozada]

[Text] President Gonzalo Sanchez de Lozada today left for Peru to meet with his Peruvian counterpart Alberto Fujimori. During this visit the two presidents will sign important economic agreements and are likely to negotiate others.

Having transferred the presidential sash to Vice President Victor Hugo Cardenas, the president briefly talked about his trip to Peru. He said:

"This is not just a visit to Peru, it is a visit to the Andean market, to the Cartagena agreement. Bolivia has been trying to improve its relations with Mercosur [Common Market of the South], and we must now strive to implement our objectives, our will, and thus foment the integration process that began more than 25 years ago in Cartagena."

The president added that this is a decisive visit to improve economic relations with Peru:

"Negotiations have been concluded for the pavement of the highway from Rio Seco to Desaguadero, and from Desaguadero to Ilo. These negotiations include an airport and a port. A railroad is being considered that will link up with Peruvian railways operating in the south."

The president said investments could be made in the energy area in southern Peru, especially to transport gas to the sister nation. President Sanchez de Lozada said Ilo could become an important outlet to the sea, although under no circumstances will we give up the port of Arica.

"This does not mean we will give up trying to attain a free access to the sea through Chilean ports and via other waterways. This is a general strategy. We want many options. We want to become a communications center and a transit country for Brazilian and Argentine products on their way to other markets via the Pacific Ocean."

Before boarding his plane for Peru at 1030 this morning, the Bolivian president commented that Peruvians and Bolivians are very similar and we must do everything possible to intensify integration.

### Foreign Minister Comments

*PY0607005794 Madrid EFE in Spanish 1508 GMT 5 Jul 94*

[Text] Lima, 5 Jul (EFE)—Bolivian Foreign Minister Antonio Aranibar Quiroga said today that Bolivia and Peru are "ready and willing to work hard politically to implement the agreements signed."

In an interview with Peruvian Radio Programas before leaving with Bolivian President Gonzalo Sanchez de Lozada for Peru, Minister Aranibar said the Peruvian-Bolivian agreements signed on 24 January 1992 by Peruvian President Alberto Fujimori and then Bolivian President Jaime Paz Zamora are now being implemented.

He added that "very important binational integration" will follow the implementation of the projects in the agreement in the southern Peruvian port of Ilo where Bolivia has a free commercial and tourist zone with a beach.

Aranibar said Peruvian-Bolivian desires can be summarized in "projects, work, and political will."

Aranibar indicated that during the three-day visit to Peru, President Sanchez de Lozada will dedicate the Ilo airport "which will enhance the strategic and economic importance of this port."

He said the construction of the Ilo-Desaguadero-La Paz highway will permit the development of the free and tourist zone of the Peruvian port and the Bolivian zone.

Aranibar said that the pavement of the highway from La Paz to Desaguadero—which is on Lake Titicaca—will be concluded late this year. He added there are other ideas maturing, such as the construction of a railroad to Ilo.

Regarding the recovery of the Bolivian sea outlet that was lost during the Pacific war, Aranibar said: "More than an aspiration, it is a right, a basic goal."

He added: "So far, the sea outlet could not be negotiated with Chile."

He recalled, however, that any bilateral negotiations with Chile must have the concurrence of Peru in accordance with the 1929 Treaty between Peru and Chile if the sea outlet is located in a territory that was Peruvian before the War of the Pacific.

### Third Meeting of Joint Commission With PRC Ends

*PY0107163894 Cochabamba LOS TIEMPOS in Spanish 26 Jun 94 p A2*

[Text] La Paz, 25 Jun (LOS TIEMPOS)—The Foreign Ministry has officially reported that, after two days of intensive sessions, the Third Meeting of the Chinese-Bolivian Economic and Commercial Commission concluded today with a final document.

The meeting satisfactorily evaluated the achievements attained through economic and commercial cooperation which have benefited both nations since they established diplomatic relations.

The main subjects discussed were: to analyze bilateral financial and technical cooperation; to propose projects for a fifth line of credit; and trade prospects.

Diplomatic relations were established on 9 July 1985 through the signing of a joint declaration. Bolivia thus recognized the PRC Government as the only legal authority in the Chinese continental territory.

## BCB Chairman Discusses IMF, World Bank Negotiations

*PY0107163294 La Paz LA RAZON in Spanish 27 Jun 94 p A8*

[Text] Bolivian Central Bank (BCB) Chairman Fernando Candia has disclosed that the government is negotiating with the IMF and the World Bank an agreement on the package of structural reforms to be implemented in 1997.

Candia said talks began this week on socio-economic policies to enable the two multilateral organizations to define their financial assistance to Bolivia.

The BCB chairman explained that the World Bank Consultant Group—the most important forum for financial aid—will then define its assistance policy for Bolivia based on the agreements.

Candia did not dismiss the possibility that the negotiations will be lengthy because the subjects to be assessed are complex. He added that the IMF is excessively cautious to avoid establishing precedents that may be used by other countries for future negotiations.

The main subjects to be raised refer to the reform of the education system, social security, the capitalization of public enterprises, and the reforms of the judicial branch, as well as other tasks for the next three years.

Candia said the negotiations will not refer to sectorial or partial aspects of the economy. He spoke of a coherent package that will not lose sight of comprehensive objectives.

In previous agreements, Bolivia committed itself to applying a stabilization and reorganization program within the Bolivian economy and now intends to implement final reforms to the productive apparatus of the public sector and open investment opportunities in the private sector.

The government will request financial aid amounting to $100 million toward its balance of payments for the next three years.

Candia said the relationship with the IMF during the past six years has been productive despite some problems in fulfilling the program. Referring to progress within the Bolivian economy in the concert of Latin American countries, Candia said: "We are satisfied because we have managed to carry out some important changes in our country and we now have a sound base."

Referring to the progress in tax collection and the opening to trade and the flow of capital, Candia explained: "We have a market system that, with very few exceptions, operates smoothly."

He said the financial system has grown according to Bolivian needs, growth is becoming less dependent on the state, and the exchange rate system is endorsing exports.

## Government Denies Economic Stagnation, Recession

*PY0407203294 La Paz Television Nacional Network in Spanish 1700 GMT 4 Jul 94*

[Report by Gloria Carrasco]

[Text] The dictionary defines economic recession as a drop in the GDP, that is, a drop in production. Let us review the government's GDP figures.

In the first five months of 1994 the GDP grew by 4.1 percent in comparison to 1993; oil production grew by 11.7 percent; mining production grew by 10.6 percent; industrial production grew by 4 percent; electricity by 8.5 percent; communications by 10.2 percent; the financial sector by 12 percent; and agriculture by 3.9 percent. The latter are believed to be the sectors that experienced the greatest economic growth.

Construction, however, which had previously experienced high economic growth, grew by only 0.2 percent in the first five months of 1994. The business sector also experienced a somewhat similar growth, growing by only 0.3 percent.

The government nevertheless contends that these figures show that Bolivia is not experiencing an economic recession, and even less economic stagnation.

[Begin unidentified government official recording, in progress] ...there is economic growth of 4 percent in the first five months of 1994, or in other words, we are experiencing economic growth, and production is increasing. It is obvious that if there is an increase in production the country is, technically speaking, experiencing neither economic recession nor stagnation, which is equivalent to zero growth. [end recording]

Carlos Dechazal, chairman of the private business association, has stated that it is very difficult to establish whether the Bolivian economy is experiencing a recession. He believes, however, that the Bolivian economy is not moving as fast as it should be if we are to achieve an increase in the GDP, which has been quite low in the last couple of years.

[Begin Dechazal recording] We believe there is a need to increase the GDP so that we can really improve the well-being of all Bolivians. [end recording]

Although the Bolivian economy is not experiencing the same growth level of other countries, such as Argentina, the government believes Bolivia is going through an economic adjustment process in view of its fiscal policy, which in 1993 was the determinant factor for achieving economic growth.

[Begin government official recording] This economic growth, encouraged by fiscal initiatives, was halted once fiscal expenses achieved a basic balance. [end recording]

The Bolivian Labor Federation [COB] lacks clear criteria on the issue under discussion, but it believes economic growth has never had an effective impact on the working class.

[Begin COB Secretary General Oscar Salas recording] Economic indicators may grow, but this does not mean there is an increase in production levels, and even less so in salaries. [end recording]

Moreover, there are no important changes in the government's GDP projections. The situation remains the same, that is, about 4 percent.

### President Exhorts Police To Eradicate Corruption

*PY0507003194*

[Editorial Report] La Paz PRESENCIA in Spanish on 25 June publishes on page 1 an unattributed 300-word article on a speech delivered by Bolivian President Gonzalo Sanchez de Lozada at a ceremony marking the 168th anniversary of the National Police on 24 June. Sanchez de Lozada called on the police to eradicate from the institution the corruption caused by drug trafficking. Sanchez de Lozada pointed out that "there are no corrupt institutions, only corrupt individuals." He added: "Your mission is to struggle against the scourge of drug trafficking, and also against corruption." He also praised the will for change shown by the police high command, and he indicated that the salaries of policemen will be increased and police equipment improved gradually in accordance with the country's economic possibilities. National Police Chief General Luis Rocha said that the institution will protect national interests, and he reiterated police obedience to the legally established authorities.

Cochabamba LOS TIEMPOS in Spanish on 25 June publishes on page A2 an unattributed 500-word article on the 168th anniversary of the National Police, with details of the ceremony. After the ceremony Government Minister German Quiroga announced that his ministry had asked the Disciplinary Board of the National Police for the "immediate dismissal" of police officers involved in irregularities related to illegal payments for alleged special services. National Police Chief Luis Rocha said that the institution is awaiting a resolution from the court and the Attorney General's Office before making a decision, and "therefore no dismissals or suspensions of those involved in corruption can yet be made."

LOS TIEMPOS also publishes on page A4 of the same edition an unattributed 120-word article on comments by Defense Minister Raul Tovar Pierola, who denied yesterday any irregularities of an economic nature either in the Army or the Navy, as had been reported by the media in relation to audits carried out at these institutions. The report indicates that the salaries of officers and sergeants who were dismissed in 1990 were still being paid illegally.

## Brazil

### Franco Asks People To Help Control Prices

*PY0507184794 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 5 Jul 94*

[Text] This morning, President Itamar Franco admitted that the government cannot check price increases. The president once again asked for people's help to fight abuses.

At the Foreign Ministry, President Franco attended a ceremony marking the centennial of [late Brazilian statesman] Oswaldo Aranha's birthday. The president was accompanied by several ministers.

After the ceremony, the president talked with reporters. He said he will ask the federal district governor today to reduce bus fares. He once again asked for people's help to fight abusive price increases.

[Begin Franco recording] We ask for the people's support and request that they inform us about price levels. They should call up the Consumers' Defense Organization or National Supply Superintendency. The people must cooperate in this regard. We do not have sufficient mechanisms to monitor the entire country. We should obviously take some exemplary measures, but if people cooperate, things will obviously be much easier. [end recording]

Finance Minister Rubens Ricupero will once again deliver a speech over a radio and television network. The minister will call on Brazilians to boycott high prices nationwide.

[Begin Ricupero recording] It is important to return to the television to show that people should cooperate by comparing prices, avoid purchases at abusive prices, try to report abuses, and even postpone payments and purchases that are not necessary at this time. [end recording]

### Highlights of Provisional Measure on Real

*PY0207034594 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Jul 94 p X2*

["Highlights" of provisional measure creating the real]

[Text] These are the main aspects of the provisional measure creating the real:

#### MONETARY BASE

Foreign reserves, which currently total nearly $40 billion. Included in these reserves are the so-called actives or convertibles in dollars.

#### MONEY ISSUANCE

Issuance will be limited to 9.5 billion reals until 31 March 1995. Until 30 September, the issuance is limited to 7.5 billion, and until 31 December to 8.5 billion.

These limits may vary by 20 percent more or less, according to a decision by the National Monetary Council [CMN].

### CMN

Private sector representatives are no longer members of the CMN.

### MONETARY PROGRAMMING

The Central Bank will send the CMN, the Finance Ministry, and the Senate the monetary program for each three-month period. It will also send a report covering the same period to the Presidency, the Chamber of Deputies, and the Senate.

### ROUNDING OFF

All values lower than one centavo will be discarded. These values will be collected by the Central Bank to be given to sociologist Betinho's campaign against hunger.

### CHECKS

Checks and other papers still written in real cruzeiros will be accepted by the banks until 29 July. This period may be extended.

### CASH ACCOUNTS

Deposits in cash accounts, on-call deposits, and the banks' compulsory deposits in the Central Bank will be automatically converted: 1 real for each 2,750 real cruzeiros.

### SAVINGS PASSBOOKS

The balance will be converted at the ratio of 1 real to every 2,750 real cruzeiros, and the period between the date of deposit and 30 June will be corrected in accordance with the Reference Interest Rate. The sum resulting from the correction to savings and interest will be credited only on that day in July when the deposit completes one more month.

### MONETARY CORRECTION

After 1 July, only indexes that reflect loss in the real's purchasing power will be valid. The objective of this measure is to prevent inflation in real cruzeiros from contaminating the new currency.

The Consumers Price Index-Real will be used in contracts signed as of 1 July, except in the case of the financial market, operations indexed to the dollar that have been authorized by the government, and in contracts for future delivery of goods or services, the value of which can be readjusted on the basis of production costs or variations in the prices of raw materials.

### RURAL CREDIT

When the monetary correction is higher than the updating of minimum prices, the installments will be readjusted in accordance with minimum prices. The difference will be incorporated into the contract's debt balance. This amount can be renegotiated.

### FEDERAL DEBT

The Fund for the Service of the Federal Debt has been established. It will be comprised of the shares owned by the Federal Government in the state-owned companies. The fund will be administered by the National Bank for Economic and Social Development, which can sell these shares. The resources will preferably be used to service the federal public debt.

### REFERENCE FISCAL UNIT

In the case of taxes that are paid for on time, the Reference Fiscal Unit is suspended for 180 days. Overdue taxes and social contributions will be corrected, as well as the sums to be returned to those who paid excess income tax.

### DOLLAR PURCHASES

The limit for the purchase of dollars is increased from $4,000 to $10,000. The inflow of foreign currencies in cash is also limited to 10,000 reals.

### FOREIGN CAPITAL

The CMN may establish limits to the inflow and outflow of foreign capital.

### BEARER CHECKS

Checks for more than 100 reals must be written out in the name of the bearer.

### MEDICINES

Supermarkets will be allowed to sell medicines that do not require a doctor's prescription.

### UTILITY RATES

They will be readjusted annually, but the Finance Ministry may reduce this period.

### ADJUSTMENT

The following will be suspended for 90 days: all Treasury endorsements; the allocation of special additional credits to the Budget; the identification of projects to be financed by the Commission for Granting Tax Benefits to Special Export Programs; the sale of public enterprise certificates abroad (except when they are linked to the servicing of the foreign or domestic debt); contracts for new credit operations; the trading of any National Treasury bond; and the conversion into public certificates of credits of the CCR (Compensation Results Account, as in the case of electricity franchise enterprises).

### Ministry Unit To Monitor Implementation

*PY0507172494 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 5 Jul 94*

[Text] A new Finance Ministry unit, which will be directly subordinated to Finance Minister Rubens Ricupero's cabinet, will follow up implementation of the real.

Yesterday, Ricupero introduced economist Daniel D'Oliveira, his new assistant and the government economic team's newest member. D'Oliveira will work for the new ministry unit, following up the stabilization program, especially in the area of prices.

The minister said the unit will be directly subordinated to his cabinet to monitor implementation of the third phase of the economic plan:

[Begin Ricupero recording] This unit will emphasize the major significance of the phase of implementation that we are now entering. [end recording]

Ricupero will travel to Sao Paulo on 7 July, where he will meet with industrial belt metalworkers. On 8 July, Ricupero will go to Curitiba to attend the 25th meeting of the National Front of Mayors.

### Lawmakers Expect Delay in Passing Law

*PY0607022594 Sao Paulo AGENCIA ESTADO in Portuguese 2241 GMT 5 Jul 94*

[By Diana Fernandes and Sandra Sato]

[Excerpt] Brasilia, 5 Jul (AE)—Today, Senator Jose Fogaca (PMDB-RS) [Brazilian Democratic Movement Party, Rio Grande do Sul State] and Deputy Ney Lopes (PFL-RN) [Liberal Front Party, Rio Grande do Norte State] informed Finance Minister Rubens Ricupero that it will be very difficult for the Brazilian Congress to vote on the provisional measure creating the real before the end of July. Fogaca, who was designated rapporteur of the special joint committee charged with studying Provisional Measure 542, noted that the government should not consider it traumatic to have to reedit the measure. He said: "It is natural for Congress to want more time to evaluate the plan, which is very complex and affects many sectors of society." Ricupero will attend a hearing tomorrow before the plenum of the Chamber of Deputies to give a briefing on the economic plan.

A major stumbling block for the approval of the provisional measure will be the lack of a quorum because Congress will recess until 18 July. The lack of a quorum today prevented the installation of the special joint committee that will study the provisional measure. The installation ceremony had been rescheduled for the afternoon of 6 July. If at that time there is again no quorum, a report considering the provisional measure admissible will be considered for approval. This will be favorable to the government. Lopes, who is chairman of the special committee, said: "It will not be any catastrophe if the provisional measure has to be reedited, as Congress has been unable to pass it for a month." [passage omitted]

### BCN To Remove $4 Billion From Economy

*PY0507030494 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Jul 94 p B3*

[Article by Nilton Horita]

[Text] The over 18 norms, regulations, provisions, and communiques issued yesterday by the Central Bank to outline the restrictions for the amount of money in the economy and the speed with which money circulates in the financial system will force the immediate transfer of more than $4 billion from the financial system to the National Treasury, according to a study carried out by the National Credit Bank (BCN).

This is bad news for those who owe money, potential buyers of financed goods, and exporters who have loaned dollars. But this is good news for investors. The spread (difference between the cost of borrowing and lending rates) will climb nearly 25 percent. If the expectation had been that these interest rates would be 9 and 12 percent a month, it should climb to 9.25 percent and 13 percent respectively by the end of June. Money investors will gain with the increase in interest rates imposed by the monetary restrictions, which will restrain the monetary expansion that could endanger the monetary goals foreseen by the Real Plan.

"All this indicates high interest rates for 4 July, over 3.5 percent," says Gustavo Loyola, former Central Bank president. This effect is a result of the shrinking of the monetary resources the banks have access to put into circulation. Instead of channeling all the money deposited by clients to other sectors of the economy, $4 billion will go directly to the Central Bank. The main measures for this purpose are: the compulsory deposit in the Central Bank of 100 percent of all new money in checking accounts, which currently amounts to $4 billion; an additional 5 percent increase in the compulsory deposits for savings accounts, which amounts to a total of $25 billion; and a deposit of 20 percent of any increase in the CDB [Bank Deposit Certificate] stock.

### Poll Shows Public Confidence in Real

*PY0507160994 Sao Paulo FOLHA DE SAO PAULO in Portuguese 2 Jul 94 p 2*

[Editorial: "Public Success"]

[Text] Rather than being a success or a failure from the economic point of view, the real is already a great success among the public. This is the only possible interpretation of the poll carried out by Datafolha yesterday, the first day the new currency came into circulation.

All the items associated with the poll point to this conclusion, especially if the results obtained yesterday are compared with a Datafolha poll taken on 31 May.

The following are eloquent examples: The number of people who consider the plan "good for the country" increased from 31 to 59 percent. The number of people who believe that inflation will increase dropped from 25 percent to 13 percent.

The price hike during the month that preceded the implementation of the real was not enough to make most of those polled feel that they lost some of their purchasing power during this period. It is true that 50 percent of those polled say they can buy less now than previously, but this percentage is nearly identical to the sum of those who believe they can buy more (22 percent) and those who believe they buy the same amount of goods (26 percent).

The confidence in the real of those polled is so firm that nearly three out of four believe that with the new currency their salaries will have the same or even more purchasing power than during the past month. Only 19 percent of the public is pessimistic; these people believe purchasing power will be eroded.

Such formidable change in the people's state of mind has but one explanation: The answers were based on the heart rather than on reason. In reality, there has not been time for the Sao Paulo inhabitants to feel harmed or benefited by the currency change.

Even the economists, who theoretically are better trained to judge this kind of measure, do not feel comfortable in making definite judgments about the future of the economy with the real. One would expect the common man to be more cautious still.

This is not what the poll shows. The optimism of most of those polled is positive with regard to the plan, but it likewise creates an enormous responsibility for the government. Frustrating the expectations of the citizenry would create a great disappointment, proportional to the surprising hopes now expressed by the public.

## Congress Recesses Until 18 Jul

*PY0607012894 Sao Paulo AGENCIA ESTADO in Portuguese 2240 GMT 5 Jul 94*

[Text] Brasilia, 5 Jul (AE)—Today, the Senate approved a motion to recess from 8 to 18 July. Sessions will be suspended. The Chamber of Deputies has been in recess since 1 July. According to the timetable approved today, senators will gather in Congress on 18 July to vote on the Budget Guidelines Law (LDO) for 1994 and 1995 and the 1994 Budget. If the 1994 LDO is not approved between 18 and 20 July, the legislative recess for July will be suspended. If the LDO is approved, congressmen may suspend Congress sessions and return to Brasilia in early August.

## PT Deputy Requests Franco's Impeachment

*PY0207033394 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 Jun 94 Section 1 p 6*

[Article from Brasilia and Sao Paulo]

[Text] Federal Deputy Jacques Wagner (PT-BA) [Workers Party-Bahia] filed a request for the impeachment of President Itamar Franco before the Presidency of the Chamber of Deputies on 29 June.

Wagner based his request on the fact that Civilian Household Chief Henrique Hargreaves had given the MP [Provisional Measure] on the Real Plan to Fernando Henrique Cardoso's team of campaign managers for its analysis.

In its 29 June issue, FOLHA DE SAO PAULO disclosed that Hargreaves had discussed the text of the amendment with Cardoso's campaign managers on 28 June. Wagner also brought charges against the PSDB [Brazilian Social Democracy Party] presidential candidate before the electoral justice and the Federal Attorney's Office, on the same grounds he used for the request to impeach Franco.

Former Deputy Luiz Eduardo Greenghalgh, speaking on behalf of Luiz Inacio Lula da Silva's (PT) campaign managers, criticized Hargreaves's attitude yesterday. Greenghalgh stated that Franco should ask Hargreaves to resign, as he had "taken away" a document that had to be submitted to Congress.

Arthur da Tavola (RJ) [Rio de Janeiro], PSDB leader in the Chamber of Deputies, stood up for Hargreaves. "Those are the benches that support the government, and it is only natural that the minister should discuss the MP with the parties that will endorse it," he said.

Wagner requested that Franco and Hargreaves be charged with the same crime pursuant to Article 9, Paragraph 7, of Act 1079. Both of them "behaved in a way that is incompatible with the dignity and decorum" of their posts.

Deputy Jose Dirceu, PT candidate for the Sao Paulo governorship, instituted charges against Cardoso and Franco's administration before the TSE (Superior Electoral Court).

According to Dirceu, Franco and some of his ministers have used government funds, posts, and officials to campaign for Cardoso, while Article 377 of the Electoral Code forbids such acts.

## Finance Minister on WTO Candidacy

*PA0107192694 Mexico City EL FINANCIERO in Spanish 29 Jun 94 p 20*

[Report by Rossana Fuentes Berain]

[Text] Brazilian Finance Minister Rubens Ricupero, candidate for director of the World Trade Organization

(WTO), has recommended defining the Organization's role and selecting its future director based on those parameters. Although he himself has acknowledged President Carlos Salinas de Gortari's candidacy, he made it clear that he will not unilaterally decide to rule out the possibility that he may be Latin America's candidate for that position.

In an exclusive interview with EL FINANCIERO a few hours after meeting with U.S. Commerce Secretary Ron Brown, Ricupero said that they did not discuss the subject of the Latin American candidate. "During our meeting, as well as during his meeting with the president (Itamar Franco), we only discussed bilateral issues," he said.

In his usual diplomatic manner, tactful and never confrontational, but firmly expressing his views, Ricupero said during the telephone interview that he believes he has the necessary credentials to compete for the position, that he wants it, is seeking it, and that he has already designed a working plan.

"We must define the tasks and the selection criteria that should be used within an organization like the WTO," he noted.

Ricupero has four years of experience in GATT, the multilateral institution the preceded the WTO, the international organization that will regulate world trade effective 1 January. Among other important positions, he was president of the Contracting Parties. He said that in selecting the WTO leader, it must be determined if "the criterion of personality or of professional experience" should prevail.

As part of his professional experience within the multilateral trade organization, Ricupero played a key role in the GATT's Uruguay Round negotiations. In Montreal, he chaired the committee that established the procedures in 1990. That same year, in Brussels, he reorganized 15 negotiating groups in six institutions, which he noted then "led to successful negotiations."

Those facts, and his participation a year later in the solution of the "impasse" over the idea of linking trade with environment are, in his opinion, why his name "spontaneously" came up in the search for candidates to head the WTO.

Although initially Ricupero did not directly promote his own candidacy, it is clear that he now feels that electing a representative from a developing nation as head of the new organization would be "legitimate" and "fair."

"The organization should change a structure that was suitable for a club of countries and reflect a more diversified world," he stressed.

Although he still does not have Europe's unified support, Renato Ruggiero, Italy's trade minister from 1988 to 1991, is viewed as the possible candidate of the industrialized nations to head an organization that has only had European directors since its establishment in 1947.

But during the 1990's, this international trade organization, where 80 percent of the members are developing nations, should not necessarily remain the private domain rich countries. This is according to specialized and very influential publications like THE ECONOMIST, THE JOURNAL OF COMMERCE, and THE FINANCIAL TIMES.

When asked about the issue, Ricupero answered decisively: "The WTO cannot simply be an extension of GATT."

Regaining his diplomatic composure, he tempered his criticism, highlighting several GATT virtues: "Very little bureaucracy," "decentralization," "practical sense," and "an excellent technical team."

He mentioned Mexican Representative Jesus Seade by name. Seade is one of the highest-ranking GATT officials, and Ricupero recognized that the high quality of the organization's members is due to Seade's quest for excellence in forming the teams.

What does the Brazilian candidate believe the WTO's mission will be, if not to be the automatic heir to GATT?

"Its mission will be to become the leading defender of the multilateral option and the main resistance to administrative trade." Protectionism and unilateral measures pollute the international trade environment.

Once ambassador to the United States, Ricupero recalled that the Organization for Economic Cooperation and Development (OECD) itself had admitted that only four countries—Japan, New Zealand, Australia, and Turkey—promoted more liberal trade systems during the last decade (Mexico was not yet an OECD member).

Ricupero went as far as to use the word "threat," in speaking of the cohesive measures some countries tend to use on a unilateral basis. From a conceptual standpoint, he said, the new organization should take it upon itself to see that all trade measures are established in accordance with the multilateral entity's legal guidelines.

If elected to preside over the WTO, one of his plans would be to recover trade's historic role as the main force behind worldwide economic growth. From there, he will stress those issues not fully dealt with by the GATT, such as services, copyright legislation, some agricultural issues, and the fiber agreement.

He said he would also like to submit a new agenda for the WTO, to try and create a connection between trade and the environment, competition, and social issues.

Before aspiring to run as the Latin American candidate himself, however, and despite his experience and work plan, Ricupero must first deal with the Mexican Foreign Ministry's formal announcement (on 23 June) of its intentions to promote President Carlos Salinas as the region's representative.

Ricupero "sincerely" recognized Salinas's fine quality as a statesman. He called Mexico an "admirable example of modernization" and said its recent entry into GATT (1986) would not exclude Salinas from occupying the highest seat at the WTO.

Another issue stressed by those who oppose the Mexican candidacy is the fact that the most visible evidence of trade openness in Mexico is a regional agreement with the United States and Canada, signed precisely during the Salinas administration. When asked about this, Ricupero simply pointed out "Brazil's basic multilateral viewpoint."

While gracefully avoiding any mention of Mexico's high trade concentration (almost 70 percent with the United States), he asserted that such market diversification makes Europe, as a whole, Brazil's main trade partner. Latin America would enjoy about 22 to 23 percent, Japan would have between 17 and 18 percent, and the United States would have no more than 20 percent.

When asked whether the difficult struggle to find a single Latin American candidate might weaken the region, Ricupero said that "the issue must be discussed objectively, levelheadedly, and based on what is expected of this new organization."

He said there is no way he would decide to withdraw his candidacy unilaterally. Ricupero concluded that the candidate who is to represent regional unity must arise from a consensus on what Latin America wants from world trade as it heads into the 21st century.

### Lula Promises 'Moralization Process' in Banks

*PY0607031794 Sao Paulo AGENCIA ESTADO in Portuguese 2019 GMT 5 Jul 94*

[Text] Lagoa da Prata, Minas Gerais, 5 Jul (AE)—Today, Luiz Inacio Lula da Silva (PT) [Workers Party] promised that if he is elected president of the Republic, the state banks will be submitted to a "moralization process" and will not receive help from the Central Bank if they do not sponsor production. "Any bank that does not fit these principles will have to survive on its own, without federal aid," Lula said.

As an example, the PT presidential candidate mentioned Banespa [Sao Paulo State Bank] and its subsidiary Baneser [expansion unknown] to demonstrate that state banks "have become parallel accounting systems for political campaigns." Lula did not want to mention other banks, but insisted that "campaigners for the Sao Paulo governorship exchange political favors for jobs" in Banespa. According to Lula, state banks survive on the speculation generated by inflation.

While campaigning in a county whose mayor is from the PT, and addressing an audience of union leaders, neighboring mayors, PT members, and businessmen, Lula guaranteed that his cabinet would not be made up exclusively of PT members. "The role of the PT is to demand compliance with the political platform for its leader, not to appoint PT members to government posts," Lula said.

Lula is currently in Lagoa da Prata, his second stopover on his last campaign tour, which will last nine days and extend 3,000 km in the Sao Francisco River region. Since the beginning of his tour in Pinhui, Lula has been received by mayors and councilmen from opposition political parties. Today, for example, the mayor of Bom Despacho, Celio Luquine from the Brazilian Democratic Movement Party, has come to Lagoa de Prata to see Lula. "I support my party, but Lula's candidacy is too strong to turn my back on him," he said.

### Editorial Views Protectionism in Labor-Trade Link

*PY0607014894 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Jul 94 p A3*

[Editorial from the "Notes and Information" page: "The New Offensive"]

[Text] Labor laws in both developing and underdeveloped countries are time and again being brought up in international relations, and may soon prompt international actions as well. Whenever the subject has come up, no effort has been made to ascertain the extent to which a convention approved by the International Labor Organization (ILO) and ratified by the congress of a given member state is being complied with. The purpose of verifying whether a government is keeping its commitments is to make it the target of international rejection. Rather than addressing this political aspect, the focus has been shifted to whether labor safety regulations, and especially salary levels, are identical or similar in the developed and developing countries with which trade relations are maintained. To put it bluntly, developed countries are trying to determine whether they should continue to grant a most favored nation status to developing countries whose labor standards are below theirs, thus allowing the products of these developing countries to engage in (an allegedly unfair) competition with products manufactured at home.

In an article recently published by O ESTADO, U.S. Labor Secretary Robert B. Reich touched on this topic from a standpoint which, despite being political and pragmatic, has not been devoid of high emotional content. This is a touching subject which, if adequately exploited, could become a pillar of the campaign that began to be orchestrated in Marrakech during the signing of the Uruguay Round of the GATT accords, to the effect of equalizing, or at least bringing closer together, the labor standards of developed and developing countries. The reference to a picture—which was, incidentally, published by THE ECONOMIST—of a small Asian child carrying stones is indeed as moving as those of devastated environmental areas, or of animals killed by people for the mere pleasure of killing.

Today, the campaign to protect the environment has subsided, because on the one hand it has already

achieved many of its objectives; and on the other, because it has become clear that governments and businesses of developed countries have much at stake in their trade relations with countries that have been charged with destroying the environment. Yet even though the campaigns in defense of nature have lost strength, at least publicly, the driving force and criteria behind them have taken hold of many multilateral financial organizations. It has penetrated decisionmaking levels to the point that any development project (basically of an infrastructural nature) to be financed by these organizations must first be cleared from the standpoint of environmental preservation. Difficult barriers have thus been erected in the path of developing countries, which are thus prevented from moving closer to rich countries under the ostensibly sound objective of preserving the environment. This situation has not been created overnight.

It would not be senseless to assume, then, that the movement toward establishing identical or similar labor standards among countries of the North and developing countries may pick up momentum and become a campaign, endorsed by NGO's [nongovernmental organizations] in a fashion similar to what happened with the defense of the environment. In an article published recently by O ESTADO, Foreign Minister Celso Amorim pointed to the danger of this topic being included on the agenda for discussion by the committee that is preparing the creation of the World Trade Organization (WTO), which will replace GATT. The danger, to which Amorim alluded and which can be clearly perceived in Secretary Reich's article, is that of associating "labor standards" with "trade," thus creating the awkward figure of "social dumping," that is, that developing countries are exporting cheaper products than developed countries because the former pay lower salaries, and because they have more lax labor protection regulations (which are environmental in a strict sense).

It bears remaining alert to the risk that this slogan of dignifying labor standards might become a pretext for imposing restrictions on imports from developing countries. China has succeeded in preventing the U.S. Government from withdrawing its most favored trading status because of working conditions in Chinese prisons. Yet how many countries are in China's enviable geostrategic position in the world? Very few indeed. This is why the trade union organizations of developing countries should evaluate the effects of protectionist practices prompted by labor standards on the domestic front.

## Dart Family Files Lawsuit Against Brazil

*PY0107135594 Rio de Janeiro O GLOBO in Portuguese 30 Jun 94 p 17*

[Article by Jose Meirelles Passos]

[Text] Washington—The threat that had been hanging over Brazil became reality yesterday: The Dart family—Brazil's fourth largest creditor who refused to participate in the recent rescheduling of the foreign debt—yesterday filed a lawsuit against Brazil. It was filed at the New York Southern District Court. The Dart family is pressing charges against the Brazilian Central Bank, the Bank of Brazil, and the U.S. Citibank which led the committee of 700 Brazilian creditors during the renegotiation of the debt.

The clan, which is headed by Kenneth Dart and his father William, claims that the Central Bank failed to pay $60 million in interest on an overall $1.4 billion debt. The interest should have been paid on 15 April.

A curious aspect of the lawsuit is that it was filed by a new enterprise owned by this family, which dominates the U.S. plastic, Styrofoam, and polystyrene cup market. The family's fortune is estimated at $6 billion. The Dart family filed the lawsuit in New York through the CIBC Bank and Trust Co. which they opened a few months ago in the Cayman Islands.

The Dart family is seeking more than $60 million. They also asked the judge to "speed up payment on the principal of the debt." This is why Citibank is included in the lawsuit. The family claims that the debt agreement forces Citibank, the creditors' agent, to speed up the repayment of the debt in case Brazil delays paying its obligations.

Documents presented show that the Bank of Brazil [as published] refused to pay interest on the grounds that the CIBC does not represent the creditor. A Brazilian source said the Central Bank did not pay "for other, more clear reasons that we will now explain to the courts."

## Rural Ranchers Form Militia To Protect Lands

*PY0507002894 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 Jun 94 Section 1 p 9*

[Interview with Arnaldo Couto, Rural Democratic Union, UDR, regional president, by Ulisses de Souza in Presidente Prudente, 558 km west of Sao Paulo, on 29 June]

[Text] [De Souza] Has the UDR [Rural Democratic Union] evaluated the plundering in Ranch Estrela Dalva?

[Couto] It was absurd. These are real rural guerrilla forces. They (the landless peasants) killed cattle, threatened employees, and destroyed property.

[De Souza] What was ranchers' reaction?

[Couto] The ranch owners decided, based on the law, to create a rural security force that seeks to prevent invasions and the theft of cattle.

[De Souza] How will that security force operate?

[Couto] We are putting the last touches on the operation. We do not want hired gunmen working with us. We want

well-trained people who can use guns and who will follow orders from a professional command.

[De Souza] The Pontal region is very large. Control of the area will require a lot of people. Do you have the resources for such a large operation?

[Couto] We know where the resources will come from. The idea is to have a mobile security force with fast-moving vehicles. We will even use planes and helicopters if necessary. What we want to do is to counter guerrilla activities.

[De Souza] Will the force be armed?

[Couto] Of course. We have to be armed if we are going to confront armed groups like the ones organized by the landless peasants. Reactions must be equal or more powerful to counter actions and succeed. We will always be superior.

[De Souza] When will that militia force enter into operation?

[Couto] It has already started operating. I think we will have the operation fully mounted within the next few days.

[De Souza] Aren't you afraid your organization will increase tensions in the Pontal area even more?

[Couto] People are already irritated. We did not start the conflict, but we have reached our limits.

[De Souza] You do not believe in the justice system any more?

[Couto] On the contrary. We believe in the justice system. But the government lacks the political willingness to send police forces to stop this landless peasant movement.

[De Souza] Are you, then, trying to overcome this shortcoming with your own security force?

[Couto] Exactly. Banks and industries have their own security personnel because public forces cannot protect their properties.

[De Souza] Who is responsible for the situation in the Pontal area?

[Couto] The government, because so far it has not been able to fight the landless peasant movement back.

[De Souza] How can the Pontal area conflict be solved?

[Couto] The government must take the right attitude. We will try to cooperate. If the government thinks the area is unoccupied (state property), they should talk to us. We will not run away. We have been here for over 40 years.

[De Souza] Did you try to contact the government to negotiate?

[Couto] Dionisia Leal (Ranch Estrela Dalva owner), whose ranch was plundered, tried to talk to state government officials several times, but they would not even receive her.

## Foreign Presence in Telecommunications Viewed

*PY0107172194 Sao Paulo GAZETA MERCANTIL in Portuguese 28 Jun 94 p 6*

[Article by Maria Helena Tachinardi]

[Text] Ivan Moura Campos, Science and Technology Ministry secretary for informatics and automation policy, has told this newspaper that the U.S. Government's complaint about the Brazilian policy on government purchases is not endorsed by AT&T—one of the largest U.S. telecommunications enterprises.

Moura Campos will tell Ronald Brown, U.S. secretary of industry and commerce, today that the problem to which AT&T refers is the new informatics and telecommunications industrial policy which has created incentives and compensations to maintain qualified jobs within national borders. Among these incentives is exemption from Industrial Products Tax, and among the compensations is the assembly in Brazil of 85 percent of the printed circuit boards used in telephone exchange modems.

AT&T has asked the government to make this demand more flexible—the enterprise wants to assemble less than 85 percent of the boards in Brazil—but the answer has always been negative. Moura Campos said that the government must not be seen to be unfair to other companies that comply with this rule.

AT&T wants to import from its headquarters a larger percentage of boards while continuing to enjoy the benefits given to local manufacturers. Moura Campos explained: "They say these rules make it difficult to invest here."

Moura Campos pointed out that the Brazilian policy is flexible because it allows the assembly of boards with components that pay no import taxes. "In terms of nationalization, it certainly represents less than 40 percent of the final product, particularly if we take into account how much the software, all of which is imported without restrictions, is worth."

Moura Campos emphasized that Brazil manufactures products with technology from leading companies on the international market, such as Alcatel (France), Equitel (Siemens—Germany), Ericsson (Sweden), NEC (Japan), and Promon (Northern Telecom—Canada).

"Only the U.S. partner is missing to healthily complete the competition and competitiveness aspect in this market," said Moura Campos, adding that the Brazilian telecommunications market turns over $2 billion per year.

### Analyst Criticizes Missile Technology Control

*PY0107143694 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Jun 94 p B2*

[Commentary by Jose Montserrat Filho: "Reliable Brazil"]

[Text] Brazil has become a reliable country from a nuclear viewpoint, has banned all nuclear weapon projects, and has signed unequivocal international agreements to use nuclear energy only for peaceful purposes. This was established by the Constitution that was approved in 1988, yet it did not neutralize U.S. distrust. Things are different today.

Last February, we ratified the quadripartite agreement involving Brazil, Argentina, the Brazilian-Argentine Agency for Accounting and Control (ABACC), and the International Atomic Energy Agency (IAEA), which will inspect nuclear facilities and materials in both countries. Last 30 May, we signed the Tlatelolco Treaty banning nuclear weapons from Brazilian territory. Congress should soon approve a project establishing strict control on the exportation of sensitive materials and technology for double use (civil and military), preventing any transfer to other countries. Furthermore, the Brazilian Space Agency (AEB) was created last 9 February. This civil agency, which is directly subordinated to the president, guaranteeing that our space projects are exclusively peaceful.

In 1988, the United States did not trust Brazil and enforced the MTCR [Missile Technology Control Regime] to stop the construction of Brazil's Satellite Launch Vehicle (VLS). They were suspicious it might be used to launch nuclear weapons. The MTCR was created in 1987 by the more industrialized countries of the West (G-7), headed by the United States, with the proclaimed objective of preventing the proliferation of missiles capable of carrying a payload of more than 500 kg over a distance of 300 km or more. This technology is double-edged: It can be used to launch a space rocket or to carry a warhead.

At that time, Brazil offered the United States guarantees that the VLS would be used for peaceful purposes only. U.S. technicians were offered the possibility to inspect all phases—until its recovery at sea—of the use of the technology that they might have sold us. The offer was not taken up. They considered Brazil unreliable because it did not assume any international commitment banning nuclear weapons.

The objective of the MTCR is obviously commendable. Yet how can we overlook the fact that the MTCR is an informal agreement, it is not based on either a treaty or a convention, it has no specific legal structure, it has no clearly defined rights and duties, it has no publicly known rules for making or implementing decisions, its operations are not clear, and there is no way to internationally appeal its decisions? How can we forget that some countries in this exclusive club have appointed themselves judges and administrators of justice, making and implementing unilateral decisions in matters that concern the entire international community? How can we tolerate a regime that harms the principle of equality among nations, which is the foundation of the international legal order as established in the UN charter that sets the rules for a more democratic and fairer world?

If Brazil was not a reliable country, the MTCR has never been a legal, legitimate solution to prevent the proliferation of missiles. Brazil has changed, but the MTCR has not. It remains an arbitrary, discriminatory instrument, and a bad example for the progressive development of international law.

If we are now reliable, why should we join an antidemocratic system that is unreliable? To obtain access to sophisticated technology? Who says this technology will come with a pragmatic, opportunistic attitude like that? Is our tradition of ethical and legal behavior in international relations not worth anything now?

## Chile

### Free Trade Agreement With U.S. 'Only a Matter of Time'

*PY0107213594 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1800 GMT 1 Jul 94*

[Text] Finance Minister Eduardo Aninat has stated that after the Frei-Clinton meeting, the possibility of joining NAFTA or of signing a bilateral agreement with the United States is only a matter of time.

[Begin Aninat recording] It is very likely that Chile will achieve a free trade agreement. We are quite certain of this right now at the political and technical level. All the possible uncertainties that may have existed in the past have disappeared.

Unlike what some are saying, the two alternatives are perfectly viable, that is, either joining NAFTA or signing a U.S.-Chilean bilateral agreement. [end recording]

### Government, Opposition Endorse Joining NAFTA

*PY0107203094 Santiago EL MERCURIO in Spanish 22 Jun 94 p C2*

[Text] Opposition and CCPD [Coalition of Parties for Democracy] parties have endorsed the idea of a free trade agreement with the United States, Canada, and Mexico.

They turned down the idea of a bilateral agreement with the United States—which is the other way to achieve a free trade agreement with the United States—because they contend it entails many difficulties.

This is what political leaders from all political parties concluded during a seminar sponsored by the PPD [Party for Democracy] and the PS [Socialist Party] foreign relations committees.

The political parties that endorse joining NAFTA were the Independent Democratic Union (UDI); National Renewal [RN]; the Christian Democratic Party [PDC]; the PPD; and the PS.

UDI President Jovino Novoa stated that the UDI supports joining NAFTA.

He said this is in line with the national export policy and the opening of international markets that Chile has been implementing for some time, but which lately has been somewhat stagnant.

Novoa said that to gradually achieve a zero tariff common market with North America over 15 years is certainly encouraging a step in the right direction."

Novoa said: "Chile must take this step because it has not adopted measures to strengthen the opening of its economy or modernized its production structures."

He added: "We have already stated that we believe we should negotiate our entrance to NAFTA and not go for a bilateral agreement because it has already been shown that we would be subjected to political pressures."

Novoa stated that bilateral negotiations with the United Sates have always been difficult. He said it is preferable to join an agreement that has already been negotiated by Mexico, Canada, and the United States than to undertake bilateral negotiations.

The UDI president added that there is a move to include in the NAFTA discussions on non-relevant issues, such as the distribution of income, labor legislation, and the environment.

Novoa said: "We believe Chile has the tools to resolve these problems. The adoption of necessary measures does not require any foreign intervention through agreements."

He stressed that Chile has the distinguishing characteristic of being institutionalized at the political, social, and economic levels. He added that this is admired and is an example of institutional stability in Latin America.

PS President Camilo Escalona stated that the PS believes fuller discussion on the issue is needed. He added: "We believe it is better to join NAFTA because it already encompasses measures on labor and environment issues.

Escalona said it would be a disadvantage if all countries of the Americas signed bilateral agreements with the United Sates, adding that he supports joining NAFTA.

PPD President Sergio Bitar added that the PPD supports joining NAFTA and not a U.S.-Chilean bilateral agreement. He stressed that the speakers of the political parties attending the seminar preferred NAFTA.

He urged Chile to take advantage of this historic opportunity to join NAFTA. He said NAFTA will democratically implement a zero-tariff single market with strong social measures.

The PDC leadership was represented by Esteban Tomic, PDC International Affairs Committee director, who said Chile will play a preponderant role in the future.

He said: "I see Chile active at two levels: Involved in NAFTA and in Mercosur [Common Market of the South]."

### President Frei Calls U.S. Relations 'Excellent'

*PY0507234494 Madrid EFE in Spanish 0009 GMT 5 Jul 94*

[Text] Santiago, 4 Jul (EFE)—Chilean President Eduardo Frei said today that relations between the United States and Chile are excellent, that this is proven by the fact that Chile is the first country to negotiate a free trade agreement with Washington.

Following the dedication of the new U.S. Embassy, which was built over three years at a cost of $60 million, President Frei said relations between the two countries are "at optimum level, I would say at a very high level."

Frei added: "The comment of President Bill Clinton, which was confirmed by U.S. Ambassador Curtis Kamman, that Chile is the country chosen by the United States (to negotiate a free trade agreement) clearly shows our situation."

Frei said that during his visit to Washington on 27 and 28 June, "I talked (with President Bill Clinton) not only of trade but also about a community with ideals, about a hemispheric community which is very important for the future."

Frei added: "We struggle for the values of justice, freedom, democracy, free markets. We have many common interests with the United States and I believe that during the tour Chile found an environment of great dignity, as expressed by U.S. Vice President Al Gore, a great community of partners to continue to work for the development of our people and for the consolidation of this hemispheric community."

It has also been reported that U.S. Ambassador Curtis Kamman will soon conclude his mission. There are reports that he will be replaced by Gabriel Guerra Mondragon, a 52-year-old career diplomat of Spanish origin who headed the Nicaraguan and Colombian "offices" in the State Department.

### Dollar's Fall Examined

*PY0607031394 Santiago ESTRATEGIA in Spanish 28 Jun 94 p 3*

[Text] The recovery of the U.S. economy, and the increases in interest rates on the part of the Federal Reserve, made people bet that the dollar would be strengthened in relation to the yen and the German mark. But exactly the opposite is taking place, in an environment of uncertainty and nervousness that is even leading the main banks of the G-7 countries to intervene

on behalf of the U.S. currency, which last week came dangerously close to the psychological barrier of 100 yen.

The ingredient that changed the expectations of the market was the strong increase registered in the prices of raw materials since May, creating a fear that new inflationary pressures would be brought to bear on the U.S. economy. This led one to believe that despite the interest rate increases that have been mandated by the Federal Reserve since February, these would no longer be compatible with the prospects for higher prices. It is not, however, the fear of inflation in the United States alone, but also the good prospects for the German and Japanese economies that are responsible for this trend.

Therefore, after a brief tranquil period leading to the belief that U.S. interest rates would not be increased for some time, some analysts expect a new Federal Reserve action that could be implemented before the first week in July.

The possible interest rate increase is also based on the fact that the economy would grow 3.9 percent this year, meaning that the gap between real and potential gross domestic product is decreasing. In addition, the United States is now moving toward full employment, and although this is not yet reflected in labor costs—which have increased less than inflation—it could affect prices next year, thus confirming the need to adjust interest rates.

But the basis for predicting a strengthening of the U.S. currency in relation to the German mark and the yen is still valid, and in some cases has improved. This shows that the fall of the U.S. dollar seems to respond more to circumstantial factors and to the perceptions of the market.

## Official Admits 'Some Tension' in Ruling Coalition

*PY0607032994 Santiago LA TERCERA DE LA HORA in Spanish 25 Jun 94 p 7*

[Excerpt] Antofagasta—Presidential General Secretary Genaro Arriagada has admitted there is some tension among the political parties that make up the Coalition of Parties for Democracy. He hopes the situation will be resolved soon, and that the Senate will recover the kind of coexistence that prevailed under the previous administration.

Arriagada made these comments upon arriving in this city to carry out several activities.

Regarding the disagreements in the government coalition, Arriagada said: "It is true that we have some tension, but I hope that it will be resolved. There is no doubt that in the last few months tension has prevailed in the institutions, in the Senate, and among the parties of the coalition, but that does not prevent the existence of strong democratic ideals." [passage omitted]

## Investment, Sales, Production Increase Noted

*PY0507180694 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 5 Jul 94*

[Text] Industrial Development Association, SOFOFA, President Pedro Lizana has issued the May industrial indexes. He reported that industrial sales increased by 7.6 percent in comparison to May 1993 figures. In view of this, so far this year, industrial sales increased by a total of 3.2 percent. This is the result of sales of earthenware, chemical substances, and plastic products, among others.

Moreover, industrial production increased by 11.5 percent in comparison to the same month last year. Lizana also reported that during the January-May period, industrial production increased by 7.2 percent.

Regarding the United Labor Confederation [CUT] mobilization plans, Lizana said the CUT's demands are obsolete. He said these demands date back 50 years.

[Begin recording] [Lizana] There are no labor conflicts to assert that the situation has deteriorated. What we are witnessing is a crisis at the leadership level. As is natural, their only objective is to increase their power. If the leadership increases its power over that of grassroots organizations, it will be to the detriment of the latter.

[CUT President Manuel Bustos—identified by screen caption] The trouble is that if workers protest, they are fired. Workers who strike are fired. Workers who demand the right to eight-hour jobs are fired. Today more than 68 percent of Chilean workers work more than 8 hours. They work an average of 11 to 12 hours. This is not, therefore, a situation affecting only the CUT leadership. People fear businessmen. [end recording]

Meanwhile, the CUT continues to prepare for its mobilization, which is scheduled for 11 July.

In addition, Economy Minister Alvaro Garcia has submitted an optimistic report on the current foreign investment situation in Chile. Garcia said that in 1993, Chile achieved a record investment level totaling 27.1 percent of the GDP, and that that this resulted in a 5.5 percent annual economic growth rate.

[Begin Garcia recording] Chile will again achieve the highest investment levels this year, thus making possible the economic recovery we are expecting by the end of this year. [end recording]

In the January-May period, foreign investment in Chile totaled $1.293 billion. This represents an increase of 65 percent in comparison to the same period last year. Of this total, 62 percent is invested in mining and the remainder is invested in services and industry.

El Abra and Santa Carolina are the most important mining investments, and Anthrop Holding of Norway is the most important investment in the food industry with salmon breeding.

### Government Denies Arms Exports to Cambodia, Burma

*PY0207001294 Madrid EFE in Spanish 1525 GMT 1 Jul 94*

[Text] Santiago, 1 Jul (EFE)—Chilean War Under Secretary Jorge Burgos said today that Chile has not secretly sold arms to Cambodia and Burma, adding that the export of war materiel is strictly controlled.

According to reports coming from Bangkok, a group of Chilean arms dealers has been trying for several months to contact the Cambodian Maoist guerrilla group Khmer Rouge and other groups in Burma to supply them with weapons.

Burgos denied the report to newspapers, giving assurances that not only did Chile have no contacts to sell weapons in these nations, but was in no way involved in the secret trafficking of war materiel.

"Besides, basic prudence prevents us from exporting weapons to countries involved in conflicts, such as is the case with Cambodia. There are resolutions adopted by international organizations, such as the United Nations, in this respect," the Chilean under secretary said.

"We are not exporting arms to any southern Asian country, and certainly not to the nations pointed out in the news report," Burgos reiterated.

The under secretary said that the Chilean military industries are subjected to strict internal and external controls, adding that according to Defense Ministry files no weapons have been sold in the area since 1991.

Regarding the alleged participation by Chilean nationals in arms trafficking, Burgos said it was very difficult to make a serious assessment of the activities of Chilean nationals abroad, adding that the state does not have the means to control their operations.

Burgos explained that the only actions supported by Chile in Cambodia are related to the participation of a Navy group in UN peace missions in the region.

Asked about the subject, Foreign Relations Under Secretary Jose Miguel Insulza said that the Foreign Ministry did not have any information on these operations.

In 1991 the Chilean Army was involved in a case of arms trafficking to Croatia, which was not authorized by the Defense Ministry and prompted an internal inquiry in the institution.

## Paraguay

### Wasmosy Departs for United Kingdom

*PY0207023394 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 0000 GMT 2 Jul 94*

[Text] President Juan Carlos Wasmosy departed for London today. The president will try to entice investments into the country. He will also propose technical and financial cooperation with our country.

Wasmosy was seen off by ministers and high-ranking military chiefs at the presidential area of the international airport. The president will seek closer ties with the United Kingdom. He will try to interest entrepreneurs in investing in the country, and will seek technical and financial cooperation for development projects.

The president will be received by Prince Charles, heir to the British Crown, Prime Minister John Major, the secretary of the environment, and the agriculture, fisheries and food minister. He will also visit local newspapers and meet with entrepreneurs.

The president's main goal in previous trips had been to attract investments into the country. This will again be at the top of his agenda during this trip to the United Kingdom.

### PLRA's Evelio Fernandez Reelected Congress President

*PY0107123194 Asuncion ULTIMA HORA in Spanish 30 Jun 94 p 1*

[Text] Senator Evelio Fernandez Arevalos, of the PLRA [Authentic Radical Liberal Party], was reelected president of Congress this morning by overwhelming majority. After a tough round of voting, Juan Carlos Galaverna, of the ANR [National Republican Association—Colorado Party], was elected second vice president with the support of senators who support [President Juan Carlos] Wasmosy and [Domingo] Laino [PLRA], while Basilio Nikiphoroff, of the EN [National Encounter], was elected first vice president. Supporters of Luis Maria Argana were thus left out of the Senate board. The Chamber of Deputies will elect its leaders this afternoon.

### Chamber of Deputies Elects New Board Members

*PY0107143894 Asuncion NOTICIAS in Spanish 1 Jul 94 p 2*

[Excerpt] The opposition alliance pact in the Chamber of Deputies has been broken. The ruling party managed to squeeze in and seize two of the Chamber of Deputies board seats. Atilio Martinez Casado won the presidency over Atilio Von Knobloch of the National Encounter with the support of Colorado Party bloc and several dissident members of the Authentic Radical Liberal Party [PLRA]. Euclides Acevedo [National Encounter

Alliance] was elected first vice president, defeating opposition representative Luis Gonzalez Macchi [Colorado Party, Luis Maria Argana faction]. In a tough vote with PLRA Deputy Gilberto Vazquez, Nery Filemon Gonzalez was elected second vice president. Luis Careaga, Miriam Alfonso, and Jose Luis Cuevas were elected secretaries. [passage omitted]

## Political Parties View Economic Policies

*PY0407200294 Asuncion ABC COLOR in Spanish 1 Jul 94 pp 8, 9*

[Text] National Encounter [EN] leader Guillermo Caballero Vargas yesterday emphasized: "In my opinion, Paraguay's economic future involves a political agreement that does not involve a distribution of public posts or power shares, but an economic alliance with a social support for growth and productivity. With varying emphasis and various nuances, this economic alliance must be respected and implemented by successive governments in the long term."

Caballero Vargas made these remarks during a working luncheon at the Centenario Club. The luncheon, whose slogan was "Paraguay's economic future," was sponsored by the Paraguayan-Italian Chamber of Commerce, and was also addressed by Angel Roberto Seifart, the vice president of the Republic, and Domingo Laino, an Authentic Radical Liberal Party (PLRA) leader. Other participants included representatives from official, diplomatic, and entrepreneurial sectors.

The EN leader explained his proposal, stating that it is urgent that we achieve a national consensus in order to pursue common goals, bearing in mind that it is not enough to streamline the state, privatize and so on, even though these steps are necessary. Caballero Vargas added that the proposed alliance will allow an end to corruption and contraband, open international markets, integrate our country into the Common Market of the South (Mercosur), achieve legal and social security, and promote education, science, and technology.

Within this context, Caballero Vargas pointed out that, in the near future, there will no longer be national industries and economies as had been visualized until recently, but economic spaces through which people and merchandise will move freely and for which our country must be prepared.

### Agreements on Economic Policy

The working luncheon's most striking feature was the three speakers' agreement on the course of action to be pursued in order to improve our country's economic future. They also placed special emphasis on the Wasmosy administration's macroeconomic achievements in the area of inflation, growth, international reserves, and fiscal balance. Nevertheless, they cautioned that significant reforms, especially to improve the people's standard of living, are still required.

In this regard, the speakers mentioned, as an unavoidable step, the state reform involving the privatization of state enterprises, fiscal reform, curbing the oversized government apparatus, streamlining the state, and updating the government apparatus' administrative law.

Other points that were emphasized were the reform of the judicial branch in order to enhance legal security which will attract foreign capital to our country and create jobs, and the reform of the financial system which will allow increased financial resources and low long-term interest rates.

The speakers also emphasized the urgent need to implement a reform to achieve increased support for the industrial and agricultural sectors as our country largely depends on these areas. They also stressed that it is necessary to place the economy on realistic terms and increase social emphasis, which involves education and health reforms.

Obviously, curbing inflation is necessary, but it is not enough. PLRA leader Dr. Domingo Laino stressed that it is necessary to fulfill international commitments in order to keep international loans open, but the removal of foreign liabilities does not entail growth.

Laino said a fairly stable exchange rate for Latin America invites trust in our currency, but does not entail increasing exports or balancing our trade balance. Laino stressed: "Significant international reserves do not enrich our country and do not increase investments."

Laino stressed that fiscal balance helps curb inflation, but it does not improve the distribution of state spending or eliminate waste. He emphasized: "Good economic variables are not enough to generate jobs. Balance is not enough to make the economy grow. It is merely a basis, a favorable setting."

The PLRA leader noted that Paraguay, with a population growth of 3 percent per year, requires a sustained growth of 4 percent per year in order to defeat poverty. He said: "Growth must be the number one economic goal."

Nevertheless, Laino emphasized that there are significant opportunities for Paraguay's future. He wondered: "International cotton prices are favorable, ... Paraguay's entry into Mercosur represents a market of 200 million consumers ..., but what should we do to take advantage of these opportunities?"

Laino said there is a lot to be done in the commercial, financial, agricultural, and industrial areas. He supplied some work outlines that, in his opinion, the government must implement.

The PLRA leader, however, emphasized that the state's new role will be very important for our country's economic future. He said the state must facilitate private enterprise, without neglecting its regulatory and supervisory role.

Laino stressed that some allocations currently received by the ministries for research, study, or planning must be transferred to the universities.

Laino added that it is necessary to reform the social security system. He said: "The current system has been designed for urban and salaried workers in a country where half of the labor force is made up of independent workers."

Laino said Paraguay's current shortcoming involves an obsolete and technologically archaic industrial sector. He stressed that, first, our national industry must improve its presence in our domestic market, competing with imported products.

Both Domingo Laino and Guillermo Caballero Vargas stressed that the involvement of some military officers in politics does not favor foreign capital investments in our country. Vice President Angel Roberto Seifart also discussed the institutionalization of all national activities to guarantee the development of democracy.

When Paraguayan politics are discussed abroad, people think of military officers, and when the economy is discussed abroad, people think of contraband, Dr. Guillermo Caballero Vargas stressed. He emphasized the damage caused to our country's image by the involvement of some military officers in political affairs and by contraband, which damages our national industry and the treasury.

Laino stressed that the Armed Forces play a key role in winning the confidence of foreigners. He mentioned that he recently met in Brazil with some military leaders who are carefully monitoring political issues and the role played by the Armed Forces.

**Applause for the Education Minister**

Caballero Vargas pointed out that the performance of Education and Worship Minister Nicanor Duarte Frutos is one the current government's outstanding points. Cavallero Vargas emphasized: "Good deeds must be recognized." All the participants at the working luncheon applauded him for this remark.

Dr. Angel Roberto Seifart pointed out that Paraguay will be described as a serious and reliable country when all public activities are institutionalized. The vice president of the Republic noted that the current government's achievements involve curbing inflation and increasing the gross domestic product which now stands at 2.7 percent.

Seifart said the progress of our country's democratization process depends on the institutionalization of all national activities, that is, respect for the state branches (executive, legislative, and judicial) and the Armed Forces' abidance by constitutional provisions.

Seifart noted that the reform of the judicial branch's structure is of vital importance, bearing in mind that foreign investors consider the performance of the courts when they are making decisions on where to invest their capital.

Seifart emphasized that people in Paraguay continue to talk about a free market economy, but, in practice, the state still plays a key role. He recognized that this practice contradicts economic freedom.

Nevertheless, Seifart said the state keeps its current structure due to the absence of private capital capable of sustaining the productive apparatus, which, to a certain extent, makes the state keep its obsolete way of operating.

Seifart emphasized that the government, headed by Juan Carlos Wasmosy, seeks to place the economy on realistic terms, involving financial reform and the removal of an entrepreneurial state by privatizing deficit-laden enterprises.

Seifart noted that the executive branch sent to Congress various bills to reform the state by implementing new socio-economic, financial, and tax measures.

The vice president admitted that a hybrid economy prevails in Paraguay. He said this hybrid economy must be replaced immediately by a social market economy in order to achieve better social development prospects in the future.

Guillermo Caballero Vargas stressed that state reform represents a basic requirement for our country's economic future. He explained that, among other things, state reform involves improving health, education, modernizing the state apparatus structures, privatizing, and improving human resources.

The EN politician explained that our country has two distinct economic models available: First, the international third-party economy, which does not supply sustainable long-term guarantees, and, second, an economic model based on growth that actually guarantees an improvement of our national standard of living. He added that Paraguay has been characterized as having both an open and an underground economy.

Caballero Vargas emphasized the significance of the government's achievements at the macroeconomic level involving inflation, fiscal stability, and economic reserves, among other things. He cautioned, however, that all this is not enough because it has been achieved by incurring economic and social costs that must be compensated for, bearing in mind our currency's overvaluation and our market's high interest rates that have caused the capital depletion of the raw material and industrial production apparatus.

Caballero Vargas pointed out that it is necessary to implement specific measures in the agricultural sector through the diversification of crops, large-scale production of key crops like soybeans and cotton, and strong support for industries.

Concurrent Proposals for our Country's Economic Future

(ANR [National Republican Association], PLRA, and EN)

1. State reform:

a) Privatizations;

b) Removal of entrepreneurial state;

c) Fiscal reform;

d) Curbing oversized state apparatus;

e) Legal updating;

2. Educational reform;

3. Industrial reform;

4. Agricultural reform;

5. Financial reform;

6. Judicial branch reform;

7. Emphasis on social areas;

8. Placing the economy on realistic terms;

9. Full use of Mercosur;

10. Attracting foreign investments;

11. Generating jobs; and

12. Joining international markets.

## Peru

### State of Emergency Extended in 4 Provinces

*PA0307215194 Madrid EFE in Spanish 2044 GMT 3 Jul 94*

[Text] Lima, 3 Jul (EFE)—The Peruvian Government today extended the state of emergency for 60 days in four provinces of Apurimac Department, in the Andean area, because it believes this extension is necessary in order to continue the struggle against terrorism.

According to a supreme decree reported today by the official newspaper EL PERUANO, the provinces included in the measures are Abancay, where the department capital is located, Andahuaylas, Aymaraes, and Chincheros.

The measure suspends individual constitutional guarantees and establishes that the Armed Forces are in charge of controlling internal order.

Various Peruvian provinces are under a state of emergency, because it is believed there are still terrorist activities of the Maoist Shining Path and the Tupac Amaru Revolutionary Movement (MRTA) in these areas, though not quite as intense as in the past.

### Supreme Court Upholds Release of 'Terrorists'

*PY0207005194 Madrid EFE in Spanish 0410 GMT 1 Jul 94*

[Text] Lima, 30 Jun (EFE)—Supreme Court President Luis Serpa said today that the Supreme Court had not found any irregularities or wrongdoing by the judges of the judicial branch in the release of Shining Path leader Luis Arana Franco.

Serpa said that Arana had been given the benefit of freedom after the necessary steps had been taken in accordance with the law, such as consultations with the appropriate organizations, among these being the police and the Attorney General's Office.

According to President Alberto Fujimori, Shining Path member Arana, who is considered dangerous and who sought refuge under the Repentance Law, cooperated with the security forces, and his information allowed the capture of Abimael Guzman, Shining Path's top leader.

The Repentance Law established an exemption from or reduction in sentence in accordance with the seriousness of the crime for terrorists who surrender and decide to cooperate with the security forces.

Serpa reported that the Supreme Court Executive Council, after an investigation carried out by the Internal Control Office of the judicial branch, had not found "any irregularities" in the procedures, and therefore the judges are not responsible for any wrongdoing.

In relation to the case involving three other released terrorists, Serpa said that the judicial decision on Monica Feria had been annulled, and she would be tried again. Regarding the cases of Luis Garcia and Juan Rios, Serpa said there is a petition from the Attorney General's Office for annulling their release.

The release of the terrorists, which was reported during the political program of a local television station, caused commotion in Peru because these people are considered "dangerous elements."

### Army Rescues Ashaninka Indians From Shining Path Camps

*PY0507215094 Madrid EFE in Spanish 1535 GMT 5 Jul 94*

[Text] Lima, 5 Jul (EFE)—General David Jaime Sobrevilla reported today that over the past two years the Peruvian Army has rescued some 5,000 members of the indigenous Ashaninka forest tribe from the working camps of the terrorist Shining Path group.

The chief of the political-military command of the national security subzone added that the liberated Ashaninkas had been carrying out compulsory labor in the valleys of the Ene, Perene, and Tambo Rivers in the jungle of Junin Department, without food or health services.

He added that they were suffering from malnutrition and tuberculosis, and had little clothing.

Gen. Sobrevilla reported that the first military action to liberate them began in 1991, when military detachments seized the mission in the locality of Cutivireni.

He added that little by little the security forces have entered the zones where the Maoist group had established what he considered concentration camps for the Ashaninkas.

Some of them escaped; as many as 67 during the first half of June.

### Fujimori on Trade With PRC, Japan

*PY0107224494 Madrid EFE in Spanish 2058 GMT 19 Jun 94*

[Text] Lima, 19 Jun (EFE)—Peruvian President Alberto Fujimori praised today the growth of the PRC economy, and predicted that in 15 years China, a country Peru is beginning to approach for trade, will be "one of the greatest powers in the world."

"Without disregarding the United States and Europe, we should approach China commercially," said Fujimori in an interview with Channel 2 television broadcast today.

President Fujimori, who made an official visit to China last week after staying in Japan, said he was amazed at the results of the market economy implemented in that country.

He labeled China as "a giant," saying that in 2008 "it will be one of the greatest powers in the world."

Fujimori said that Peru had to approach that country because of the importance of having China as a trade partner. He said that Peru should sell to China processed raw material as well as products from small and medium-sized industry.

He added that fishmeal is the largest Peruvian export to China, and that Peru also sells iron ore to that country.

Regarding his visit to Japan, Fujimori said it was aimed at getting Japanese investors to invest in Peru.

He said: "I went to try to convince them that security has returned to Peru, and that many countries are already investing here."

He indicated, however, that although there are no Japanese investments "there is indeed important cooperation."

Regarding his position on the economic blockades on Cuba and Haiti, which he opposed during the Fourth Ibero-American Summit in Cartagena de Indias (Colombia), Fujimori explained that his view on this issue was based on a general principle, and not on anything specific about those countries.

Regarding human rights, Fujimori said in the television interview that those rights "not only concern terrorists, but the public in general," and that his government defends the human rights of the two.

Fujimori also said that the release of Luis Arana Franco, a leader of the Shining Path terrorist organization who sought refuge under the repentance law, was decided because Arana gave to the security forces information for the capture of Abimael Guzman, the Shining Path's highest leader.

Fujimori added that Arana cooperated in locating the house of dancer Maritza Garrido Lecca, where security forces captured Guzman on 12 September 1992, and in capturing Carlos Inchaustegui on the same date.

Fujimori said that the release of Shining Path member Juan Rios Fernandez by civilian judges should be investigated. This decision was criticized by various groups, because Rios is considered a dangerous terrorist for having participated in several murders.

Fujimori added: "The judicial branch is responsible for his release. This reaffirms my belief that these cases should be under the jurisdiction of the military and not the civilian court, and that the harsh actions against terrorism should continue."

## Venezuela

### Caldera Independence Day Speech

*PA0507150894 Caracas Radio and Television Networks in Spanish 1315 GMT 5 Jul 94*

[Speech by President Rafael Caldera on the occasion of Independence Day in the Elliptical Room of the National Pantheon in Caracas—live]

[Text] Citizens President and Vice President of Congress; Citizens President and Justices of the Supreme Court of Justice; Citizens Prosecutor General, Comptroller General, and Attorney General of the Republic; Citizen Former President of the Republic; Citizen Former President of the government junta; Citizen Ministers; Citizen Governor of the Federal District; Your Excellency, Apostolic Nuncio, dean of the diplomatic corps; Your Excellencies Chiefs of Mission; Citizen Senators and Deputies; Citizen Officers, Generals, and Admirals, Members of the Military High Command; Your Excellencies Messrs. Bishops; Citizen Mayors of the metropolitan area; Citizen Presidents and Directors of the National Academies; Citizen Rectors of the National Universities; Citizen Directors General of Executive Offices; Citizen Presidents of Autonomous Institutes and State Enterprises; Citizen representatives of the media; Venezuelan people:

On this new anniversary of our declaration of independence, I cordially address my fellow countrymen, foreign residents, and the representatives of friendly nations sharing this national event. We are experiencing delicate

times. We have yet to leave behind the tremendous blows of an economic, political, social, and—above all—ethical crisis, which has shaken a nation that has every condition for prosperity and success. Our duty is to turn the crisis into the beginning of a new era.

It is not opportune, nor would it be consistent with the government's policy, to present today a lengthy inventory of the negative things found at the start of this administration. The people know that the current difficulties are the result of several years of errors and flaws, whose effects have worsened because of their nature, despite the initiatives implemented to try to correct them as much as possible. So as not to insist on listing all the negative things that were detected, it is enough to point out that the deterioration of services begins with the shortage of water in the capital of the Republic and the main cities, and that the neglect in the upkeep of state properties even seriously threatens the homeland's sanctuary: the National Pantheon.

The Venezuelans unanimously demand intense reconstruction. In the five months of this administration, we have begun to undertake this task, dealing with the complex problems we are facing. In this way, we have dealt with the requirements of peace, which was disrupted by the 1992 events, and have implemented a serious and responsible process for internal harmony in the Armed Forces. We have begun the purge of the security forces, the organization of government branches, and the strengthening of the powers and the viability of functions that correspond to the national government. We have been able to eliminate the fiscal deficit to a great extent, and we are taking important steps to meet the community's just demands for services. We have begun to reorganize and expand the social programs to improve the situation of the poor sectors.

We are undertaking a necessary process of change. The country demands it. A broad vision and firm resolve are needed to achieve it. The Constitution, which has lasted the longest in Venezuela's constitutional history and which is recognized as excellent and correct in the way it focuses on our reality, needs to be expanded and modified. By maintaining its spirit and objective, new ideas will be incorporated and the needs, which have emerged in the three decades it has been in force, will be met. A first priority is the expansion of representative democracy with institutions of participatory democracy. The people's participation in decisions that are essential to the country's life must be expanded. The reform of the judiciary and the other government branches cannot be postponed.

Changes in every order are urgent, but we must not forget the Liberator's instructions: by following the path of duty and no other way. We must recall the words of the Father of the Nation, who said that codes, systems, and laws, regardless of their wisdom, are works of art that have very little influence on societies. Virtuous, patriotic, and illustrious men make up the Republic. Therefore, my essential task is to struggle against corruption, which harms everything, and to achieve the decisive involvement of civilian society in the elimination of such a fatal plague.

We must take dramatic action against adversity, make vigorous efforts to rebuild the country and make the fundamental changes that are required. This will entail irrevocable conviction and ironclad resolve. It will demand unshakeable faith in the fatherland and full confidence in its resources and capabilities. It will demand austerity and sacrifice. Bolivar also admonished us on this, and I quote: To achieve victory it has always been essential to tread the path of sacrifice, unquote.

The most difficult part of this struggle is the need to wage it without violating institutional order. History has taught us that actions that violate the basic rules of conduct, even though they may be temporarily beneficial, and may gain acceptance and even enthusiasm, in the end cause serious setbacks, foster distortions, impose a great deal of suffering on the people, and force the idealistic leaders of a new hope to repeat the myth of Sisyphus [legendary king of Corinth condemned to roll a heavy rock up a hill in Hades only to have it roll down again as it nears the top].

We are facing the tremendous challenge of promoting the changes the country requires within the institutional framework. To disregard Congress would seem to many an easy solution. To ignore the attributes of judges and to executively [ejecutivamente] assume their duties may be accepted by those whose patience has been exhausted by numerous frustrations. To adopt financial measures, thus disregarding the attributes of the Central Bank, General Bank Superintendency, or Fogade [Deposit Guarantee and Banking Protection Fund] may temporarily increase the effectiveness of such measures, but the consequences would be unforseeable.

To overlook the competency assigned by recent reforms to governors and mayors could lead us down an unknown path. On 5 December 1993 the people voted for change, against corruption, for the recognition of their individual and social human rights, and against violence. They displayed admirable civic spirit at a time when many forces were maneuvering to provoke their rage and wrath. The people pointed the way, and it would be unpardonable to ignore them. They elected me president so that I could call upon all the political and nonpolitical sectors to participate in this undelayable task. It is my obligation to exhaust, to the extent possible, every means of promoting necessary changes without violating institutional order.

It is difficult—I must insist on this—more difficult than pushing and shoving for temporary results. However, difficulties and challenges are inseparable. By admitting this, we are all pledging to join our capabilities and energies above any personal or group interests.

History has entrusted this huge commitment to us, precisely at the dawn of the 21st century. Upon

observing the magnitude of this commitment we may feel tempted to consider it more than we are able to handle. However, when we reflect on the idiosyncracies of our nation, when we remember that our people have been, in fact, equal to great challenges, we must conclude that we have no room for pessimism.

On 5 July 1811 Venezuela was a vast country inhabited by scarcely 1 million people. The people were backward as a general rule, although they had an exceptional group of leaders. There were very few Venezuelans and we were very poor, when it was declared to the world that Venezuela is and ought to be, in deed and by right, a free, sovereign, and independent state and that as such it is fully entitled to a form of government that is in keeping with the general will of its people, and to execute actions such as those executed by free and independent nations.

We were truly very few and weak. But 10 years later, after a large number of our people had been sacrificed, our declaration of independence was finally approved with the military victory won on the Carabobo battlefield on 24 June 1821.

Fulfilling the duty we assumed, we issued emergency measures. Once we had obtained positive results in our effort to eliminate the fiscal deficit, driving it to more manageable levels, and were foreseeing a reasonable control of the inflationary pressure, the banking crisis turned out to be worse than presented in reports, reports that were obviously incorrect, and, in some cases, fraudulent. We had to put a stop to its impact.

Our operational reserves were threatened by exaggerated pressure on the exchange market. This pressure was pushing our currency toward a tremendous collapse. Consequently, to stop speculation in the price of staple products, we issued emergency measures that were unavoidable. We did it within the Constitution, which provides for emergencies. We have had to use firmly all the power inherent in the Constitution.

The measures were issued within the definitions contained in the Declaration of Independence of 5 July 1811, in the exercise of our sovereign rights. We trust that Congress will provide us with strict legislation to punish financial crimes and speculation.

I must stress that the decision to temporarily establish currency controls preserves, rather than affects, commercial relations with other countries. Rash and unlimited devaluation would in fact affect them because it would make healthy competition in the market impossible.

I reiterate the resolve to honor all Venezuelan commitments with local or foreign investors. I hope that international financial organizations will see that the path we have taken is in line with the country's situation and that the measures we issued will preserve our democratic system.

I am aware that our duty to defend our democracy entails supporting democracy all over Latin America. It is the intention of this government to reinforce integration processes. We seek the necessary stability to increasingly participate in economic exchanges with other nations.

Today is a good day to promote confidence in Venezuela, in its natural and human resources, in the outlook for our future in the short, medium, and long term. We believe in economic and social development. We are determined to put a final end to our dependent and parasitic economy. We must replace it with a productive economy. We know that it is indispensable to produce in order to upgrade the people's standard of living and free them of the burden of foreign debt.

Those who invest in Venezuela have many opportunities to earn legitimate profits and contribute to the prosperity of all. Soon we will make public the first invitations to those who are willing to build great projects through the concession system [sistema de concesion].

The strategic associations in our oil and mining deposits are offering attractive possibilities. The paths that are open are very diverse. New ideas appear every day. The government and people of Venezuela are determined to provide every facility and guarantee needed to those willing to take up these opportunities.

We know that we need economic reactivation in order to develop. However, we do not forget that economic growth is not enough for true development. Economic democracy and political democracy demand that the individual be recognized as the subject and objective of collective action.

On this important day, I greet diplomatic representatives of friendly countries here with us for this commemoration. I greet all inhabitants of Venezuela: its people and institutions, public servants, members of the Armed Forces, the Catholic Church, Christian people and the hierarchy, the authorities and followers of other religions in the country, academic sectors, professionals, technicians, students, youth in urban and rural areas, workers, businessmen—small, medium, and large—parents, foreigners who live in the country—in sum, all who live in this beloved, glorious, suffering, but hopeful land. Today is a day of reaffirmation and confidence. It is a day to proclaim, without any hesitation, our love for Venezuela and our pride at being Venezuelans.

## Finance Minister Announces Exchange Controls

*PA0607045494 Caracas Venezolana de Television Network in Spanish 0246 GMT 6 Jul 94*

[News conference by Finance Minister Julio Sosa Rodriguez with unidentified reporters; place not given—live]

[Text] [Sosa] I am sorry I made you wait. I want to give you the following brief information:

We are implementing a single exchange system for all types of transactions: 170 bolivares per dollar. We expect

this exchange control to be temporary so that we may return to free currency exchanges in the not-too-distant future, once there is an end to speculations, which have unduly depreciated the value of our currency to the point that we now have an undervalued bolivar, 170 bolivares in relation to the U.S. dollar, which is the foreign exchange we use as a reference.

This 170-bolivar figure was decided upon after taking into consideration the inflation rate of the countries with which we trade, and after taking into consideration Venezuela's inflation rate.

I want to reiterate that Venezuela has sufficient foreign exchange to handle all of our imports and our foreign debt, but we do not have foreign exchange to accommodate the bad habit, as I call it, of those who export capital and continue to enjoy life in Venezuela while receiving income from a foreign country.

I also want to say that the exchange control system will make exceptions for imports and that the needs of Venezuelan students overseas will be taken into consideration. We also will take into consideration public and private debt requirements.

There will be a procedure for travelers as well as a remittance system for those individuals who have dependents abroad, as is the case of many citizens from Colombia, Portugal, and other countries who live here and send small amounts to their relatives on a continuing basis.

I also want to tell you that we are planning to implement a series of macroeconomic measures to balance the 1994 budget, as well as the 1995 budget.

We believe that this year we will be able to augment our reserves and restore confidence in making investments in Venezuela.

I want to point out what the president said this morning during his speech in the Oval Room concerning the efforts that will be made to exploit new oil reserves in association with enterprises that depend on Venezuelan Petroleum.

We believe that this, together with the concession system, will attract foreign investments, despite predictions by sorcerers who claim that exchange controls, even if they are temporary, will scare off foreign investments.

We believe there are many conditions in Venezuela that favor foreign investments. We do not believe that temporary exchange controls of this nature, with the bolivar-dollar exchange rate we have chosen, will discourage investments or anything like that. Instead, we believe they will assure investors that they will be able to repatriate their dividends without becoming the victims of exchange rates that result from speculation.

I would like to add that we are going to appoint a five-person board. One will be a coordinator. This board will manage all matters related to the implementation of the currency exchange policy. This does not mean the board will be the one to assign foreign exchange to various individuals. This activity will be entrusted to an executive manager who will supervise specialized Venezuelan Petroleum personnel, and he will be responsible for granting or authorizing banks to give the precise amount of foreign exchange.

I have nothing further to tell you tonight. I believe the president of the Republic will announce tomorrow or the day after the names of the five members of the board that will regulate the controlled, single exchange rate, and he will proceed to swear them in.

[Reporter] Will the foreign exchange market open tomorrow?

[Sosa] No, the foreign exchange market will not open tomorrow, because there are a few technicalities that have to be resolved at the Central Bank. We have made great efforts, and I hope the technicalities can be resolved by tomorrow. Nevertheless, I have to ask the Central Bank when it can honestly have all of this ready.

[Reporter] It has been said that foreign exchange controls could prompt corruption problems similar to the ones that occurred at Recadi [Differential Exchange System]. What measures will the government take to avoid this problem?

[Sosa] I believe many of those reservations will be dispelled when the president of the Republic appoints the people who will handle the currency exchange policy and when this very automated and transparent system is implemented. Furthermore, I want to reiterate before the Venezuelan people that this government's main feature is that it has begun an honest effort in doing away with corruption. It is impossible to guarantee that someone will not attempt to engage in fraudulent actions, but I believe the moral soundness of this government's top officials and all of the people involved in this activity can provide a fundamental guarantee for the country.

[Reporter] In terms of the agreements reached with the Central Bank of Venezuela, do you know whether there is some type of quota for dollars? What amounts can Venezuelans purchase for their needs?

[Sosa] Look, the Foreign Exchange Board will study these details. I repeat, however, that because there is enough foreign exchange to attend to the needs you are talking about in Venezuela, I do not think limitations will be so great that any individual will be prevented from taking a routine trip abroad.

[Reporter] Why was a single exchange rate system chosen over a free exchange market?

[Sosa] We were very concerned that if we opted for a free exchange rate, we would [word indistinct] marginal exchange. I explained this a few days ago. We were very concerned that subversives or speculators would be able

to drive the rate to a point where it would be very difficult to control prices. After all, this foreign exchange control is intended to combat speculation and the inflation that has been triggered by the exchange rate.

[Reporter] But a black market for the dollar could emerge, and this would also have an impact on price control. What will the government do if this situation arises?

[Sosa] If this happens, it would be an illegal market, and it would be punished. Now....

[Reporter, interrupting] Was this punishment also approved?

[Sosa] Yes, the punishment will also be included in a decree. It would be an illegal market, and as such, it would be subject to punishment, and this punishment will be guaranteed. It is no different than if you had asked me what has to be done with the laundering of money from drug trafficking activities. What we have to do is combat it. However, the exchange rate [words indistinct] is perfectly legal and could prompt prices to fluctuate.

[Reporter] When do you expect the foreign exchange market to be reopened?

[Sosa] It cannot be too long. I believe it will be....

[Reporter, interrupting] Will it be this week or next?

[Sosa] I would prefer that you ask this question of the Central Bank officials who are now analyzing the technical aspects of this issue. I would dare say that next week is somewhat risky.

[Reporter] Mr. Minister, this single exchange rate of 170 bolivares per U.S. dollar, could it be readjusted again before the end of the year?

[Sosa] Well, the decision we adopted is that after a suitable period of time we will assess how the economy has reacted, and then we will determine whether there is a need for a readjustment. Nevertheless, we expect that in the short run the economy will tend to stabilize, and if we have to make additional adjustments it will most likely be within a period of two months. The truth of the matter is this: If restrictions such as this are in effect for too long, they will merely tend to defeat the objectives we are seeking.

[Reporter] Mr. Minister, how long do you expect the currency control to last?

[Sosa] Please do not ask me for a specific deadline, but I expect it to be in effect for the shortest amount of time possible.

## Foreign Minister Defends Suspension of Guarantees

*PA0507170294 Caracas EL UNIVERSAL in Spanish 4 Jul 94 p 1-15*

[Text] In the opinion of Foreign Minister Miguel Angel Burelli, President Rafael Caldera's administration is strictly enforcing the de jure state because all of the measures it has adopted fall within the framework of the National Constitution.

Burelli Rivas rejected the term "constitutional dictator" used by Democratic Action Vice President Paulina Gamus in reference to the international media's description of the Venezuelan president, and he reacted to editorials published in Spanish and U.S. newspapers.

It is a contradiction, he said, because there is no such thing as a constitutional dictatorship; it is like saying "white-black."

Burelli Rivas pointed out that the economic measures and the suspension of constitutional guarantees "strictly adhere to the terms established in the Constitution based on the information the president of the Republic gives Congress during the 10 days after decisions have been made."

This administration has never neglected the National Constitution, and it cannot be called a dictatorship due to the intricacy of the Constitution.

Burelli Rivas said the de jure state has been strictly implemented. "The suspension of constitutional guarantees makes provisions for searches, and although that is not the purpose of the suspension, it is necessary at this time."

Hoarders and bank employees have committed crimes, and the suspension ensures that they will not leave the country. It allows us to search their homes.

Burelli Rivas added: "The suspension of constitutional guarantees complements the suspension of economic guarantees, but this does not mean the de jure state has gone overboard."

[EL UNIVERSAL] Colombia has offered its support.

[Burelli Rivas] They have offered technical support because they have faced this situation 20 times and are constantly experiencing states of emergency. They are aware of these difficulties, and they want to tell us how to overcome them.

[EL UNIVERSAL] Does Venezuela need international aid?

[Burelli Rivas] In the field of banking we are receiving aid from Chile, Colombia, Argentina, and Brazil, countries which have experienced similar situations and do not find the Venezuelan situation strange. A country that has overcome a situation like this can tell us how to deal with it.

[EL UNIVERSAL] How long will constitutional guarantees be suspended?

[Burelli Rivas] For as little time as possible; it depends on the situation.

[EL UNIVERSAL] One month, two months?

[Burrelli Rivas] That depends on how the situation evolves, but as far as the government is concerned it will be a very brief period.

[EL UNIVERSAL] Do these controls not affect Venezuela's trade agreements, such as the one recently established with Colombia and Mexico?

[Burelli Rivas] Absolutely not. Nor will they affect the international commitments we have already signed or are in the process of signing. I gave assurances of this to all the heads of diplomatic missions with whom I met yesterday. There is no risk whatsoever of our neglecting our commitments.

Regarding agreements with the World Bank and the IMF, Burelli Rivas said "that is something else because we belong to those organizations, which channel loans and make efforts such as those Venezuela is making abroad."

These organizations will observe us for the duration of the suspension of guarantees. This does not mean, however, that we will withdraw from them but that we must accept their recommendations on the current situation. Everyone is looking at us because we live in a global village.

### Senators Support Economic Measures

*PA0107175594 Caracas Union Radio Network in Spanish 2200 GMT 30 Jun 94*

[From the "Union Radio News" newscast]

[Text] The Senate has described as necessary the executive branch's decision to implement strict controls on banks. This was learned upon speaking to senators from several factions represented in the Senate. Among the senators expressing their views were William Davila of Democratic Action; Haydee Castillo de Lopez of the Social Christian Party, who said that although the measures are necessary the government should fully explain them; and Enrique Ochoa Antich of the Movement Toward Socialism, who said that all measures adopted by the executive branch should be perforce for limited periods because it was precisely such controls and unbridled statism that prompted the current crisis.

[Begin recording] [Davila] Anything that improves the Venezuelan people's standard of living and social condition must be protected, supported and applauded. Second, anything that strengthens the state's supervision of financial institutions is also good. The third measure deals with exchange rate controls; its immediate goal is to control inflation through the official exchange rate established for importing goods and services for productive activities. The executive branch must bear in mind that the parallel market may suddenly become the official market and that the official market may become the marginal market.

[Castillo de Lopez] I believe there have been more than enough general statements. Henceforth what we need are very specific statements; we need to see implementation and written—not oral—statements, so that everyone can see them and be aware of exchange rate controls, of whether there will be a joint commission, who will be on the commission, where it will function, and a written statement of how to obtain foreign currency. As for the banks, we have also had enough general statements. We need to know what will happen when banks run into problems. Will they or won't they receive financial aid? Will they be nationalized? When, and under what circumstances? And when will the nationalized banks be reprivatized? I believe the partial statements that have been made are general announcements that fail to establish conditions under which each of the measures the government has announced will be implemented. They have only contributed to the concern that all of us are experiencing. [end recording]

### Privatization Said Unaffected by Controls

*PA0507144894 Caracas EL UNIVERSAL in Spanish 3 Jul 94 p 2-1*

[Text] Carlos Bernardez, president of the FIV [Venezuelan Investment Fund] has ruled out the possibility that the application of economic control measures implemented by the Executive could adversely affect the privatization of state companies.

[Bernardez] To the extent that these are clear, long-term decisions, they do not have to have a negative effect and should be positive for investors interested in privatization.

The FIV president stressed that "this is what we have perceived these first days when the scope of the measures still has not been totally defined; investors have confirmed their interest in companies waiting to be privatized."

With regard to the business sector's complaints about the measures applied to the economic sector, he said that "all those controls in principle appear to be contrary to the policy of supply and demand. But in this case they have been applied by necessity."

[Bernardez] The efficacy of the long-term controls is ensured because there are precisely temporary measures.

[EL UNIVERSAL] Does the national government have candidates for the Emergency Board?

[Bernardez] I do not know because this does not fall within my responsibilities.

He insisted on "the absolute normal attitude of potential investors in the companies to be privatized. This is very encouraging."

[EL UNIVERSAL] When will Aeropostal be offered for bidding again?

[Bernardez] Once an agreement is reached between the administration and the workers, some matters remain to be improved. When this occurs we will be in a position to privatize the airline, which we hope will happen in two months.

### Financial Adviser on Role of Emergency Board

*PA0507165594 Caracas Union Radio Network in Spanish 2200 GMT 4 Jul 94*

[From the "Union Radio News" newscast]

[Text] Despite pressure from the Congress, Gustavo Roosen, presidential commissioner for financial reform, has confirmed that he will continue working alongside the Emergency Board to be named by President Rafael Caldera to oversee all banks.

Roosen submitted a report to the Andres Caldera, minister of the Secretariat of the Presidency, regarding last week's summons by the Finance Committee of the Chamber of Deputies. In this respect, he reiterated it was advisable to give greater coherence to the work the Board will perform in terms of a banking policy and supervision. He stressed that the Board will take supervisory measures and establish a mechanism for sharing information among financial institutions. Roosen also mentioned the advisability of strengthening the General Bank Superintendency and revamping Fogade's [Deposit Guarantee and Banking Protection Fund] assets so that these entities can become independent once the emergency is over.

Commenting on the reluctance on the part of some solid institutions to help other banks, based on the articles of Decree 248, Roosen said:

[Begin Roosen recording] The Board has to establish the mechanisms. The decree establishes that assistance may be provided. These mechanisms were created years ago and may be implemented at any time, for example establishing additional cash reserves that will allow the Central Bank to siphon off [succionar] the liquidity of the cash reserves and reintroduce those funds into the banking system through the Central Bank. That is why I say this is something the Board has to work on. [end recording]

Gustavo Roosen declined to comment on the exchange and price control measures the government is implementing, although he does have his own opinion on the matter. He added that economic freedom, even in those countries where this policy is implemented, demands strict supervision of financial institutions.

### Interior Minister Vows Strict Adherence to Law

*PA0507163094 Caracas EL UNIVERSAL in Spanish 4 Jul 94 p 1-13*

[Report by Alberto Vargas]

[Text] Ramon Escovar Salom, minister of interior relations, said yesterday, in reference to the decree on the suspension of guarantees, that the instructions are "to apply this with strict moderation," while the state of law continues in force.

He recalled that when he was prosecutor general of the Republic during Carlos Andres Perez's administration, constitutional guarantees were suspended on three occasions. But at all times the rule of law was emphasized.

Moreover, with regard to President Rafael Caldera's measure, "there has not been any violation," as has been verified by the Attorney General's Office.

He commented on actions by state police institutions, indicating that to avoid abuses there has always been present a representative of the prosecutor general of the Republic, as was demanded by him.

He also said that a fabricated idea had been circulating that these measures, designed to preserve the "citizenry's tranquility," would only repress the weakest, "as if in Venezuela there were two systems of justice, one for the powerful and one for the weakest."

There is only one justice, he stressed.

Escovar Salom was categorical in commenting on the crisis that the financial system has generated in the country. He noted:

[Escovar] Crimes committed in regard to the nation's financial sector cannot go unpunished; it is not possible for a powerful minority to do whatever it wants with the fate of the rest of the Venezuelans.

When asked about ongoing raids, he indicated that these are based on the 27 June decree, although he suggested that their application "should be reduced" within the framework of scrupulous conduct where respect for human rights should prevail.

[Vargas] Some sectors point out that there has been abuse in applying the decree.

[Escovar] If there have been abuses these will be investigated. Besides, I ordered the presence of an Attorney General's Office representative in all the cases that arise. I gave this same order when I was prosecutor general of the Republic.

The MRI [Interior Relations Ministry] minister summed up the actions adopted by the Executive when he said: "The government cannot remain defenseless in light of intentions to disrupt public order or the nation's stability. The government's first duty is to guarantee the Republic's stability."

[Escovar] This therefore confirms the government's duty to rule of law, based on the Constitution's principles, which also means that "the government's first duty is to govern."

[Vargas] What information do you have on the situation in the country?

[Escovar] The situation is absolutely normal. Everything is under control. But precautions will remain in force. Besides, I must say that the whole nation has given its blessing to the government's decisions because what the nation wants is peace and order.

### Fedecamaras President Urges Consistent Policies

*94P20915A Caracas EL DIARIO DE CARACAS in Spanish 1 Jun 94 p 17*

[Article by Raul Chacon Soto]

[Text] The visit of Antonio Casas, the president of the Venezuelan Central Bank [BCV], to the Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] office was the occasion for the business sector to express to him their conviction that the only thing that ensures positive results in economic matters is to draw up an integrated and consistent macroeconomic policy.

This was stated by Fedecamaras President Edgard Romero Nava, who asserted that the recent policies adopted by the government are suitable, although he warned that their success depends to a great extent on their all being implemented at the same time. "The problem is that the executive branch has presented its economic stabilization program by stages and not as a whole, so that it is up to the judgment of each economic actor to interpret it as best they can."

Romero Nava explained that the most recent decisions by the government are pointing in a good direction: promoting privatization, reducing the number of ministries, and reducing the size of the state. He added that if the program had been implemented properly, once clear signs from the executive branch about what direction to go could be seen, a monetary policy could have been designed and then they could start to analyze what action would be taken regarding prices and wages.

With respect to these last two points, the business leader stated on the one hand his support for the current mechanism implemented by the BCV for allocating hard currency; on the other, he insisted on the need to reconsider the retroactive nature of workers' benefits.

In addition, the Fedecamaras directors explained the exporters' problems to the BCV president. They referred in particular to Finexpo [Export Financing Fund] as an agency to promote exports, a situation that is not included in the new Central Bank Law and that should be defined as soon as possible.

Referring to the visit by new Development Minister Alberto Poletto, Romero Nava said that the private sector leaders had told him that they were determined to continue to participate in an open and competitive economy. He added that the reason for the meeting was "to talk with the minister to find out what his position will be with respect to matters of mutual interest and to achieve an exchange of ideas based on the need to formalize a true multisectorial alliance against inflation and the socioeconomic damage it causes."

Asked about whether any specific measures to control the price increases had been agreed on, he stressed that the private sector intends to help in managing this problem, but noted that the bolivar has been devalued by 50 percent and that there are many products with a high percentage of imported materials.

Last, he referred to the announced readjustment of the price of medicines, indicating that a balance should be sought that will ensure fair increases and supply.

### Federal District Governor Comments on Searches

*PA0607045694 Caracas Union Radio Network in Spanish 2200 GMT 4 Jul 94*

[Report by Vicente Briceno; from the "Union Radio News" newscast]

[Text] The right to life and personal safety cannot be suspended under any circumstances unless we live under an autocracy, Federal District Governor Asdrubal Aguiar has said, commenting on the issue of searches and people being held incommunicado.

The regional authority, who is also a member of the Inter-American Human Rights Commission, spoke as a Venezuelan citizen. He has said no one should be subjected to physical or psychological torture, because a suspension of constitutional guarantees does not mean the police corps can carry out actions that contravene the people's basic rights. Aguiar has said this suspension of constitutional guarantees is within the legal framework of the Constitution:

[Begin Aguiar recording] What does a suspension of guarantees mean? That a judicial order is not necessary for a search and that a person caught red-handed can be arrested. It does not mean, however, a person can be arrested without reason and be locked up in a jail. No. The person can be arrested, but remanded to the appropriate court.

Regarding searches, it does not mean a person can enter a house, destroy, and do as he pleases. That is not allowed even with a warrant. You would normally need a search warrant prior to conducting a search. You do not need the search warrant when guarantees have been suspended, but the government has been very careful to ensure officials from the prosecutor's office are present at the time of these searches; this ensures the searches are conducted without breaking laws, which are unbreakable

in all democracies where freedom and the people's basic rights are respected. [end recording]

### Commission Agrees To Extend Sessions

*PA0407035394 Caracas EL NACIONAL in Spanish 30 Jun 94 p 9 section D*

[Report by Ascension Reyes R.]

[Text] The Twin Chamber Board Commission of the National Congress agreed during yesterday's session to extend the first regular period of sessions, which was to conclude on 5 July, until late August.

The idea is to discuss and approve constitutional reform and the laws that the executive branch will send, including the draft reforms on the Banking Law, the Financial Emergency Law, the Central Bank of Venezuela Law, and the Consumer Protection Law.

Congress is also seeking to approve the Procedures and Justices of Peace Law, the implementation of which was postponed to January 1995, the reforms to the Journalism Law, the Comptrollership Law, and the Protection Law [Ley de Salvaguarda].

The independent members of the Supreme Electoral Council and the representatives of the Judiciary Council will be elected during the extended sessions.

It has not been ruled out the decree on the suspension of constitutional guarantees will be discussed during these sessions, unless the decree reaches Congress prior to 5 July.

### Caldera Lauds FAN's 'Institutional Firmness'

*PA0507233894 Caracas EL GLOBO in Spanish 3 Jul 94 p 3*

[Report on speech by Venezuelan President Rafael Caldera at a ceremony to promote military officers at Fort Tiuna; date not given]

[Text] At a ceremony held at Fort Tiuna to award fourrageres and epaulets on high-ranking officers who were promoted, President Rafael Caldera stated that the "institutional firmness of the Armed Forces" has been proven once again.

The event over which Caldera presided was attended by top officers of the four military branches and the defense minister.

The president addressed the promoted officers and told them:

This solemn and sober event is new proof of the institutional firmness of the National Armed Forces [FAN]. On behalf of the Venezuelan people who honored me by choosing me as their president, I am pleased to have placed the insignias corresponding to the ranks of division general, vice admiral, brigade general, and rear admiral of the Armed Forces.

He added that promotions have great significance within the Armed Forces, because they are permanent incentives to their members. Each rank obtained from second lieutenant to division general, represents two factors: 1) time in service and time in grade, and 2) the merit earned through the fulfillment of duties that are demanded at each level. This double incentive keeps Armed Forces officers constantly striving to excel and under a permanent commitment to study while fulfilling the duties assigned to them.

This double incentive, he noted, keeps officers striving to excel and constantly study as they move up the ranks, improving their knowledge and giving to their institution more effective and fruitful meaning to defend the nation's sovereignty, stability, social peace, and progress. Of course, the pyramid structure of the command makes the number of opportunities that can be offered fewer and fewer. I want to mention here the fact that there are many officers who merit promotion but cannot receive it. This is only because of the need to control the number of officers in various ranks within the hierarchy.

Later on, the president referred to the faith that the country has in the FAN:

On this beautiful morning, I want to reiterate on behalf of all Venezuelans my faith in the FAN—an organization essential for peace, progress, and development. In trying times, the FAN's responsibility has even more significance, and today's event reiterates, reaffirms, and confirms the willingness of FAN members to fulfill their double duty while working together with the government the people have chosen of their own free will following the process and laws established in Venezuela.

I congratulate those who were promoted here today. The officers promoted to brigade general, division general, rear admiral, and vice admiral are here today. Others, up to the rank of colonel, received their promotions yesterday. All of them were promoted because of their commitment to fulfilling their duty.

Caldera said: The fatherland recognizes their will to serve, which is indispensable in succeeding in the work that has to be carried out. Again, I congratulate you, and, at the same time, I express my trust and faith, which is the Venezuelans' trust and faith, in the military hierarchy in all FAN members, because they all make up a single unit in their love for Venezuela, their defense of Venezuela, their desire to protect Venezuela, and to guarantee the rights of Venezuelans within the framework of the law and the Constitution. To all of you, then, I offer my congratulations on behalf of the government, the people, and all Venezuelan citizens.

### Piaroa Community Opposes Lumber Concessions

*94P20914A Caracas EL NACIONAL in Spanish 23 May 94 p C4*

[By Marielba Nunez]

[Text] Recognition of about 240,000 hectares of land located south of Caicara del Orinoco as Piaroa territory is currently being requested by the representatives of that indigenous community, as they fear that concessions covering that area will be granted. This would threaten the ecology and the development plans they have been undertaking in recent years.

This is according to statements by Jose Gregorio Rodriguez, Miguel Gonzalez, and Guillermo Tovar, representatives of the Piaroa community and members of the civic association called Original Peoples of the Chivapure Forest Reserve, Porfochi.

"We want the different governmental agencies to recognize the Piaroa people of the Suapure, Parguaza, and Guaniamo River basins as the legitimate inhabitants of these lands. Our future is uncertain in this region because there are plans to exploit the lumber on these lands."

They add that they cannot agree with this possibility because it would mean the end of the organization that the Piaroas have achieved there. So far, to prevent the exploitation of lumber, they have approached the National Agrarian Institute, the Ministry of Agriculture and Livestock, and the agrarian court, which are the agencies that oversee matters concerning landholding among the indigenous people.

"We need an opportunity to continue our self-managed development project, which includes the rational use of natural resources, such as extracting seje [a kind of palm tree] oil, a medicinal product that can be used to cure different types of illnesses; producing honey; and raising buffalo. We have done all this through cooperatives."

They add that they know of the plans to grant concessions in these areas, and they have been denouncing this situation for the last four years. On several occasions they have submitted documents requesting that their territory in the Suapure area be recognized.

"Legally we are basing ourselves on Article 77 of the National Constitution, on the rights of the indigenous peoples; Article 2 of the Agrarian Reform, which establishes the recognition of the indigenous peoples' right to land; and Convention 169 of the International Labor Organization. This not only establishes our right to the land, but also our cultural right to conserve our language and customs."

### Minister Announces Accord With Colombian Navy

*PA0307024294 Caracas Union Radio Network in Spanish 1100 GMT 29 Jun 94*

[From the "Union Radio News" newscast]

[Text] Defense Minister Rafael Angel Montero Revette has announced the Colombian and Venezuelan navies have signed an agreement to combat drug trafficking, Colombian subversion, and illegal mining in the Amazonas area of the two countries. He added that he will soon present to President Rafael Caldera a plan for the development of the area bordering with Colombia and that a meeting of the defense ministers of Brazil, Colombia, and Venezuela will be held shortly to try to find solutions to the problems caused by arms smuggling and the presence of Brazilian gold seekers.